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SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1942

No. 253

GRIFF WILLIAMS,

Petitioner,

vs.

THE UNITED STATES OF AMERICA,

Respondent.

**PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE SEVENTH CIRCUIT AND BRIEF IN SUP-
PORT THEREOF.**

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INDEX.

SUBJECT INDEX.

	Page
Petition for writ of certiorari	1
Jurisdictional statement	2
Question presented	2
Summary and short statement of the matters in- volved	3
Reasons relied upon for the allowance of the writ of certiorari	9
Brief in support of petition for certiorari	11
Opinion of court below	11
Statement of the case	11
Specification of errors	11
Argument	12
I. The issue involved in this case is of suffi- cient importance to warrant consid- eration by this Court	12
II. Relevant considerations — Considera- tion of the special nature of services performed by an orchestra and the re- lationship of leader to other musi- cians in orchestra, and the anomalous effect of holding a leader the em- ployer, militate against decision be- low	18
III. Applicable decisions—The Circuit Court erred in its construction of the facts and application of the law to the facts; the leader is not an employer even under a narrow application of common law concepts	29
IV. The terms "employer" and "em- ployee" as used in the Social Secu- rity Act should be given a liberal con- struction to promote the objects and purposes of the Act, rather than the restrictive meaning which grew up in the field of tort	45
Conclusion	50

TABLE OF CASES CITED.

	Page
<i>Aetna Life Ins. Co. v. Culvahouse</i> (Tex. Civil App.), 10 S. W. (2d) 603 (1928)	44
<i>Atlantic Transport Co. v. Coneys</i> , 28 C. C. A. 388, 82 F. 177 (1897)	33
<i>Arizona-Hercules Copper Co. v. Crenshaw</i> , 21 Ariz. 15, 184 P. 996, 999 (1919)	48
<i>Ballard & B. Co. v. Lee</i> , 131 Ky. 412, 115 S. W. 732 (1909)	33
<i>Barg v. Bousfield</i> , 65 Minn. 355, 68 N. W. 5 (1896) ..	34, 40
<i>Barrett v. Selden-Breck Construction Co.</i> , 103 Neb. 850, 174 N. W. 866, 868 (1919)	44
<i>Bristol & Gale Co. v. Industrial Commission, et al.</i> , 292 Ill. 16, 126 N. E. 599, 600 (1920)	40
<i>Boyle v. Mahoney</i> , 92 Conn. 404, 103 A. 127, 128, 129 <i>Carmichael v. Southern Coal & Coke Co.</i> , 301 U. S. 495, 57 S. Ct. 868, 81 L. Ed. 1245 (1937)	31
<i>Carroll v. Social Security Board</i> , decided June 10, 1942	46
<i>Casement v. Brown</i> , 148 U. S. 615, 13 S. Ct. 672, 37 L. Ed. 582	47
<i>City of New York v. New York City Railway Co.</i> , 193 N. Y. 543, 549	43
<i>Claus v. De Vere</i> , 120 Neb. 812, 235 N. W. 450 (1931) <i>Cole v. Rome Savings Bank</i> , 96 Misc. Rep. 188, 161 N. Y. S. 15 (1915)	36
<i>Cole v. Minnick, et al.</i> , 123 Neb. 871, 244 N. W. 785 (1932)	36
<i>Decatur R. & Light Co. v. Ind. Bd.</i> , 286 Ill. App. 579 (1913)	31
<i>DeSandro v. Missoula Light & Water Co.</i> , 48 Mont. 226, 136 P. 711 (1913)	48
<i>DeSandro v. Missoula Light & Water Co.</i> , 48 Mont. 226, 136 P. 711 (1913)	34
<i>Dixon Casing Crew v. State Industrial Commission</i> , 108 Okla. 211, 235 P. 605 (1925)	44
<i>Fidelity & Casualty Co. v. Industrial Accident Com- mission</i> , 191 Cal. 404, 216 P. 578, 43 A. L. R. 1304, 1308 (1923) (p. 581)	42
<i>Field & Co. v. Industrial Commission of Illinois</i> , 285 Ill. 333, 120 N. E. 773, 774 (1918)	49

	Page
<i>Finley v. Keisling, et al.</i> , 151 Tenn. 464, 270 S. W. 629 (1925)	40
<i>Fuller v. Citizens Natl. Bank</i> , 15 F. 875 (1882)	33
<i>Gulf Refining Co. v. Brown</i> , 93 F. (2d) 870 (C. C. A. 4, 1938)	40
<i>Hartford Accident & Indemnity Co. v. Cardillo</i> , 112 F. (3d) 11, 13, 72 App. D. C. 52 (1940)	48
<i>Helvering v. Davis</i> , 301 U. S. 169, 57 S. Ct. 904, 81 L. Ed. 1307 (1937)	46
<i>Herbert v. Shanley Co.</i> , 242 U. S. 591, 37 S. Ct. 323, 61 L. Ed. 511, 513, 514 (1917)	30
<i>Hexemer v. Webb</i> , 101 N. Y. 377, 4 N. E. 755 (1886) ..	43
<i>Hill Hotel Co. v. Kinney</i> , 138 Neb. 760, 295 N. W. 397	16
<i>Indiana Iron Co. v. Cray</i> , 19 Ind. App. 565, 58 N. E. 803 (1897)	40
<i>In re Rogavin</i> , 259 Appellate Division 774, 18 N. Y. S. (2d) 302 (1940)	16
<i>In re Ajello</i> , 259 Appellate Division 949, 19 N. Y. S. (2d) 886 (1940)	16
<i>In re Dallapenta (Hotels Statler Co., Inc. v. Miller)</i> , 261 Appellate Division 863, 24 N. Y. S. (2d) 748 (1941)	16
<i>In re Caldwell</i> , 164 F. 515	31
<i>In re Palmer</i> , 256 App. Div. 834, 15 N. Y. S. (2d) 628 (1938); affd. 283 N. Y. 575, 27 N. E. (2d) 438	40
<i>In re Wilson</i> , 35 F. Supp. 391, 392 (D. C. N. D. N. Y., 1940)	47
<i>Insurance Company v. Dutcher</i> , 95 U. S. 269, 273 ..	36
<i>Keys v. Second Baptist Church</i> , 99 Me. 308, 59 A. 446, 447 (1904)	40
<i>Mayhew v. Sullivan Min. Co.</i> , 76 Me. 100 (1884)	33
<i>Madix v. Hochgreve Brewing Co.</i> , 154 Wis. 448, 143 N. W. 189	40
<i>McDowell v. Duer</i> , 78 Ind. App. 440, 133 N. E. 839 (1922) (p. 840)	48
<i>Messmer v. Bell & Coggeshall Co.</i> , 133 Ky. 19, 117 S. W. 346	38, 40
<i>McDermott's case</i> , 283 Mass. 74, 186 N. E. 231 (1933)	36
<i>Murray's Case</i> , 130 Me. 181, 154 A. 352, 353, 75 A. L. R. 720 (1930)	31, 40

	Page
<i>Nyback v. Champagne Lumber Co.</i> , 109 F. 732 (C. C. A. 7, 1901)	40
<i>Porter v. Withers' Estate Co.</i> , 201 Mo. App. 27, 210 S. W. 109, 110 (1919)	40
<i>Performing Rights Society, Ltd. v. Mitchell & Booker, Ltd.</i> , 1 K. B. 762 (1924)	31
<i>Raftis v. McCloud River Lumber Co.</i> , 35 Cal. App. 397, 170 P. 176 (1916)	33
<i>Rankel v. Buckstaff-Edwards Co.</i> , 138 Wis. 448, 720 N. W. 260 (1909)	34
<i>Rossini v. Tone</i> , 7 Conn. Supp. 13	31
<i>Sawin v. Nease</i> , 186 Okla. 195, 97 P. (2d) 27	34
<i>Sempier v. Goemann</i> , 165 Wis. 103, 161 N. W. 354 (1917)	40
<i>Shoyer v. Wright-Ginsberg Co.</i> , 240 N. Y. 223	36
<i>Simmons v. Kansas City Jockey Club</i> , 334 Mo. 99, 66 S. W. (2d) 119 (1933)	36
<i>Singer Mfg. Co. v. Rahn</i> , 132 U. S. 516, 10 S. Ct. 165, 33 L. Ed. 440	34, 42
L. 154, 21 A. (2d) 767 (1941)	16
<i>South Chicago Coal & Coke Co. v. Bassett</i> , 104 F. (2d) 522, 526 (C. C. A. 7, 1939)	48
<i>Spencer v. Marshall</i> , 107 Kan. 264, 191 P. 468, 469 (1920)	44
<i>Steel Pier Amusement Co., et al., v. New Jersey Unemployment Compensation Commission</i> , 127 N. J.	
<i>Swain v. Kirkpatrick Lumber Co.</i> , 143 La. 30, 79 So. 140	40
<i>Thompson v. Twiss, et al.</i> , 90 Conn. 444, 87 A. 328, 331 (1916)	40
<i>Unemployment Compensation Commission v. Matthews</i> , 56 Wyo. 479, 111 P. (2d) 111	16
<i>United States v. American Trucking Associations</i> , 310 U. S. 534, 84 L. Ed. 1345	45
<i>Washington Recorder Publishing Co. v. Ernst</i> , 176 Wash. 91, 91 P. (2d) 718, 124 A. L. R. 667, 685 (1939)	30, 42
<i>Woolsey v. Funke</i> , 121 N. Y. 87, 92	36

STATUTES CITED.

	Page
Section 240 of Judicial Code, 26 Stat. 828; U. S. C. A. Title 28, Section 344	2
Section 24, par. Fifth, Act of March 3, 1911 (36 Stat. 1092) 28 U. S. C. A. 41 (5)	2
Section 24, par. Twentieth, Act of March 3, 1911 (36 Stat. 1093) as amended by Sec. 1310 (c), Act of November 23, 1921 (42 Stat. 311) re-enacted by Sec. 1025 (c), Act of June 2, 1924 (43 Stat. 348) and amended by the Act of February 24, 1925 (43 Stat. 972), 28 U. S. C. A., Sec. 41 (20)	2
Sections 804 and 811 of Title VI of the Social Security Act of 1935 as amended	2
Title VIII, Section 804 of the Social Security Act of 1935, as amended (42 U. S. C. A., Sec. 1004)	1
Treasury Release A. & C. Coll. 4651	14
39 C. J. P. 52, sec. 28	31
Rule 52(a), Federal Rules of Civil Procedure	31



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No.

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Petitioner,

THE UNITED STATES OF AMERICA,

Respondent.

**PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE SEVENTH CIRCUIT.**

Your petitioner, Griff Williams, respectfully prays that a writ of certiorari issue to review a decision in the United States Circuit Court of Appeals for the Seventh Circuit made on February 27, 1942, reversing a judgment in his favor for \$536.04 and interest, entered in the District Court of the United States for the Northern District of Illinois, Eastern Division, on May 2, 1941. The action in the District Court was a suit to recover the employer's portion of Social Security Taxes and interest paid by the petitioner (the taxpayer) for the calendar year 1938. Such taxes were imposed under Title VIII, Section 804 of the Social Security Act of 1935, as amended (42 U. S. C. A., Sec. 1004), upon the theory that petitioner was an employer of the other musicians composing an orchestra of which he was

a leader and in which he was the piano player. The findings of fact and conclusions of law made by the District Court are reported in 38 Fed. Supp. 536. The opinion of the Circuit Court of Appeals is not yet reported but is printed in the transcript of record, page 386.

Jurisdictional Statement.

The jurisdiction of this Court is based upon *Section 240 of Judicial Code, 26 Stat. 828; U. S. C. A. Title 28, Section 344*. Judgment was entered by the United States Circuit Court of Appeals for the Seventh Circuit on February 27, 1942. No petition for rehearing was filed and the time for filing of petition for rehearing expired on March 19, 1942. The jurisdiction of the District Court of the United States for the Northern District of Illinois, Eastern Division was based upon *Section 24, par. Fifth, Act of March 3, 1911 (36 Stat. 1092) 28 U. S. C. A. 41 (5); Sec. 24, par. Twentieth, Act of March 3, 1911 (36 Stat. 1093) as amended by Sec. 1310 (c), Act of November 23, 1921 (42 Stat. 311) re-enacted by Sec. 1025 (c), Act of June 2, 1924 (43 Stat. 348) and amended by the Act of February 24, 1925 (43 Stat. 972) 28 U. S. C. A. Sec. 41 (20)*.

Pursuant to petition and order of the court, the time for filing this writ was extended to July 25th.

Question Presented.

The sole question involved in this case is whether the taxpayer, the leader of and piano player in an orchestra, known as "Griff Williams and His Orchestra", was, during the year 1938, the employer of the other musicians comprising the orchestra within the meaning of Sections 804 and 811 of Title VI of the Social Security Act of 1935 as amended, or whether the hotel or other establishment employing the services of the orchestra with the ex-

pectation of realizing profit thereon was such employer, so as to render the hotel or establishment rather than the leader liable for Social Security taxes.

Summary and Short Statement of the Matters Involved.

The following facts all appear in the findings of fact made by the district judge and are set forth in pages 318-333 of the record.

Petitioner is and since 1930 has been a member of San Francisco Local No. 6 of the American Federation of Musicians, a labor union affiliated with the American Federation of Labor. After acting as a pianist from time to time under the leadership of others, petitioner assembled and played in an orchestra in San Francisco in 1934, which, with many changes in personnel (seven during the year 1938), has since 1935 and during the taxable year in question, viz: 1938, been known as "Griff Williams and His Orchestra." Petitioner is the leader of the orchestra and plays the piano therein. The members of the orchestra, including petitioner, were members of the union.

During the taxable year the orchestra performed at some twenty-two establishments, ranging from the West Coast of the United States to as far East as Chicago, Illinois. These performances consisted of playing popular dance music at both "steady engagements" (those for one week or longer) and "single engagements" (those for one night only) at hotels, restaurants, night clubs, ball rooms, amusement parks, clubs, colleges and civic organizations. The institution engaging the services of the orchestra is usually referred to as "the establishment" and the orchestra as "the attraction."

The members of the orchestra, known in the trade as "sidemen," were selected by petitioner with an oral understanding and agreement between them that each would receive compensation for his services, which in no event

was or could be less than the scale of wages fixed by the local union in whose jurisdiction the engagement was performed. Each sideman was a member of the American Federation of Musicians and his relationship with petitioner was defined and limited by the Constitution, By-Laws, Rules and Regulations of that organization.

In 1934 petitioner entered into an agreement with the Music Corporation of America, a booking agency, making that corporation his exclusive agent for the purpose of booking engagements for the orchestra, for which services the agent was paid a commission. All of the engagements during the year 1938 were booked by that corporation. Written contracts, typical examples of which were included in the findings of the District Court, were negotiated by the Music Corporation of America acting "only as agent" and were entered into with the management of the various establishments. The establishments were familiar with petitioner and the orchestra, its reputation and its special quality of music and they relied on petitioner to bring an organization composed of musicians selected and rehearsed by him and capable of performing its special quality of music. Petitioner exercised his skill as a musician to interpret the music in such manner as to produce certain musical effects and to do so made and caused others to make arrangements of regularly published stock compositions which were added to his own library of sheet music from which he customarily selected the compositions to be performed.

By the terms of the contract the establishment engaged the attraction known as "Griff Williams and His Orchestra" to perform at a certain time and place for an agreed price. The hours of performance and the number of musicians were usually stated in the contracts. Each contract incorporated by reference the laws, rules and regulations of the American Federation of Musicians. By such

laws, rules and regulations certain restrictions were placed with respect to prices for performances, the number and length of rehearsals and intermissions, cancellation of contracts and conduct of the leader and sidemen. The establishment engaging the services of the orchestra is referred to in the contracts as "the employer" and in the same manner in the By-Laws of the Federation.

The sidemen dressed alike and each owned both formal and informal dress and furnished their own instruments, other than the piano, which was furnished by the establishment. Petitioner and the sidemen combined together to produce the music desired by the establishment, the efforts of each dependent on the efforts of all, and each contributing according to the musical instrument at which each was particularly skilled. Petitioner owned music racks and a public address system for use where such equipment was not supplied by the establishment. The establishment invariably owned or controlled the premises on which the services were performed and designated the particular place on the premises where the orchestra was to rehearse and perform and where the members of the orchestra were to retire during intermissions. Usually, on steady engagements, and occasionally on single engagements, the orchestra was required to play special music for floor shows presented by the establishment. On such occasions the selections to be played and the manner of rendition were designated by the establishment or by the participants in the floor shows. This called for special rehearsals with the other talent at times and places fixed by the establishment within the limit of the Federation rules. The time of regular rehearsals was fixed by petitioner.

The establishments engaging the services of the orchestra during 1938 did so with the expectation of profit to such establishments. The prices charged for the musical entertainment afforded by the orchestra were fixed by the estab-

lishments, and neither the petitioner nor other members of the orchestra had any voice in the setting of such price. When a license was required in order that the orchestra could play copyrighted music, such license was procured by the establishment at its expense from the owner or controller of the copyright. The expense of advertising the orchestra was directed, controlled and borne by the establishment.

The above is a summary of certain facts as found by the District Court, which were not criticized by the respondent in the Circuit Court of Appeals.

The District Court also found that the petitioner himself, or by his representative, collected in a lump sum from the establishments the compensation of the orchestra to which they were entitled under the several contracts, and that upon receiving such compensation from the establishments the petitioner distributed and paid to the members of the orchestra the compensation due to them respectively. The Circuit Court of Appeals held that to the extent that the word "distributed" implied that the petitioner was acting as the agent of the establishment in making such distribution, this finding was not supported by substantial evidence.

The chief controversy, however, between petitioner and respondent relates to finding No. 19 of the District Court, consisting of 21 paragraphs, each purporting to show some element of control exercised by the establishments over petitioner and the other members of the orchestra. In its brief in the Circuit Court of Appeals, respondent made no attack upon sub-divisions (b), (c), (d), (f), (g), (i), (j) and (o) of finding No. 19 and thereby admitted that the establishments (b) owned or controlled the premises at which the services were performed and (c) furnished, at their own expense, implements for facilitating the perform-

ance of the orchestra, such as pianos, music racks, chairs, sound amplifiers, microphones and special lighting facilities; (d) designated, and at times, changed the room and the specific place in the room within the premises of the establishment, or elsewhere, where the orchestra performed; (f) prescribed the route and manner whereby the members of the orchestra reached and left the orchestra stand; (g) prescribed the rooms or parts of the establishment to which the musicians were to repair and confine themselves during intermissions and rest periods or while not performing; (i) regulated the deportment and personal conduct and dress of the leader and the other members of the orchestra while on the premises of the establishment, whether or not during the hours of performance, and especially matters relating to visiting at tables occupied by guests or other contacts with guests or other persons working in the establishment; (j) procured the required licenses for the performance of copyright music and required the orchestra to conform to any pertinent restrictions in connection therewith; and (o) gave constant attention to see that their own ideas of first-class showmanship were carried out.

The elements of control found by the District Court to have been exercised by the establishment and which are controverted by the Government are that during the year 1938 the establishments at times did the following things: (a) determined the number of musicians to be employed and the instrumentation; (e) gave the orchestra leader directions covering what the establishment required or expected of the leader and the orchestra; (h) required (1) uniformity in dress, (2) which uniformity varied from occasion to occasion, (3) prescribed unusual dress or attire which was furnished by the establishments, to be worn by the members of the orchestra when so directed; (k) required the orchestra to broadcast at specific times and places under contractual

arrangements made between the establishment and the broadcasting facility and required the program to be broadcast to be submitted in advance and subject to censor or change; (l) required the musicians to coordinate and conform to the convenience of the establishment in the service of food and beverages and to the schedule of floor shows separately employed by the establishment; (m) required the orchestra leader to act as Master of Ceremonies in connection with talent separately employed and make such announcements as they designated; (n) required the performance of special features by members of the orchestra as vocalists, glee clubs, soloists, etc., and directed the staging of performances in accordance with the establishment's ideas of showmanship; (p) required the leader or other members of the orchestra to audition other talent and to perform in connection with other groups, either on or away from the premises of the establishment; (q) directed certain members of the orchestra not to perform at specified times and on certain occasions; (r) required the orchestra (1) to rehearse at such time and place as it designated with other talent separately provided by the establishment and (2) to play any music specially required by such other talent in the tempo, style and manner which was designated either by the establishments or the talent, as the case might be; (s) dictated (1) the style of music, (2) its length and tempo, (3) its volume, and (4) designated selections and (5) order and type of selections or numbers to be played; (t) determined (1) the time the musicians were to appear before the performance was scheduled to begin, (2) the time when the performances were to begin and end, (3) the hours of work, (4) the time when intermissions and rest periods were to be taken (subject to the regulations of the Federation) and their length; (u) furnished verbal, typewritten or printed instructions to the orchestra cover-

ing matters of punctuality, dress, deportment and other details of the performances, including prohibitions against the use of certain selections and the requirement that certain specified selections be rendered.

Reasons Relied Upon for the Allowance of the Writ of Certiorari.

(1) This case was filed as a test case, has been recognized by the Government as such, and should receive the consideration of this Court.

(2) This case affects matters of vital consequence to the 140,000 members of the American Federation of Musicians, involving liabilities running into millions of dollars and possible disruption of long established practices and relationships.

(3) The Circuit Court of Appeals for the Seventh Circuit has decided an important question of Federal law which has not been, but should be, settled by this Court. That question is, whether the leader of an orchestra or the hotel or establishment employing such orchestra is the employer of the other members of the orchestra. The Circuit Court of Appeals, in determining the question against the leader, has adopted a narrow, common law tort liability approach to the interpretation of the terms "employer" and "employee" as used in the Act, without regard to the broad social purposes of the legislation. Unless the decision of the court below is modified by this Court, a precedent will have been established whereby strict concepts of tort liability will be made applicable to the interpretation of the Act in all cases, without regard to the nature of the employment involved.

(4) In all events, common law concepts were erroneously applied by the court below in concluding that the leader was the employer and the hotel not, which error can be remedied only by this Court.

(5) Great confusion and conflict of opinion exists between interpretation of employment status of orchestra members by and between administrators of the Social Security Act and the Internal Revenue Department, between the decisions of lower Federal courts, and between the decisions of state Supreme Courts defining the terms in unemployment compensation questions arising under the Social Security Act.

WHEREFORE, it is respectfully submitted that this Petition for Certiorari to review the decision of the United States Circuit Court of Appeals for the Seventh Circuit should be granted.

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BRIEF IN SUPPORT OF PETITION FOR CERTIORARI.**Opinion of Court Below.**

The findings of fact and conclusions of law of the District Court of the United States for the Northern District of Illinois, Eastern Division, are reported in *38 Fed. Supp.* 536, and also appear in the Record, p. 318, et seq. The opinion of the United States Circuit Court of Appeals for the Seventh Circuit appears in the Record filed in this cause (Rec. 386).

Statement of the Case.

The essential facts of the case are fully stated in the accompanying petition for certiorari, which also contains a full statement of the questions presented herewith and in interest of brevity are not repeated here. Any necessary elaboration on the evidence and on the points of law involved will be made in the course of the argument which follows:

Specification of Errors.

The Circuit Court of Appeals for the Seventh Circuit erred:

(1) In concluding that the relation of employer and employee did not and could not exist between the establishments and the petitioner.

(2) In concluding that the control exercised by the establishments was short of that necessary to constitute them as employer of all of the members of the orchestra, including petitioner.

(3) In concluding that petitioner was an independent contractor and not an employee.

(4) In concluding that petitioner was liable for Social Security taxes for the members of the orchestra of which he was leader, under Title VIII, Section 804, of the Social Security Act.

ARGUMENT.

The novelty and importance of the question at issue in this case, together with the peculiar nature of the employer, employee-union relationship involved, require a somewhat lengthier brief than is customary, for which indulgence is respectfully requested.

I.

The Issue Involved in This Case is of Sufficient Importance to Warrant Consideration by This Court.

This case was instituted as a test case to determine whether the orchestra leaders or the employing establishments are liable for payment of the employers' portion of the tax provided for in Title VIII, Section 804, of the Social Security Act.

The revenue collected by the Government under the Social Security Act is not available for use in maintaining the Government, but is dedicated to the protection of employees against unemployment and incapacity due to age. The Internal Revenue Department was charged with the duty of collecting the tax and the Social Security Board was charged with the duty of administering the fund. Differences arose between the officials of the Bureau of Internal Revenue and the officials of the Social Security Board. The consensus of opinion in the Bureau of Internal Revenue was to the effect that the orchestra leader ought to be held to be an employer and to be required to pay the tax. On the other hand, the officials of the Social Security Board, taking a broader social view of the problem, were of the opinion that the orchestra leader ought to be classified as an employee and thereby become entitled to the social security benefits to the same extent as the sidemen in the orchestra. Much confusion arose.

The Act defines "employment" as:

"Any service of whatsoever nature performed within the United States by an employee for his employer",

but contains no definition of the terms "employer" or "employee".

The Commissioner of Internal Revenue, in his Regulations (Regulation 90, Article 205; Regulation 91, Article 3), undertook to define "employee" as follows:

"Every individual is an employee if the relationship between him and the person for whom he performs services is the legal relationship of employer and employee * * * .

"Generally such relationship exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished. That is, an employee is subject to the will and control of the employer not only as to *what* shall be done but *how* it shall be done. In this connection, it is not necessary that the employer actually direct or control the manner in which the services are performed; it is sufficient if he has the right to do so. The right to discharge is also an important factor indicating that the person possessing that right is an employer. Other factors characteristic of an employer, but not necessarily present in every case, are the furnishing of tools and the furnishing of a place to work, to the individual who performs the services. In general, if an individual is subject to the control or direction of another merely as to the result to be accomplished by the work and not as to the means and methods for accomplishing the result, he is an independent contractor. An individual performing services as an independent contractor is not as to such services an employee."

In a subsequent ruling the Bureau undertook to determine when orchestra leaders were and were not employers, and ruled that leaders of so-called "name bands" were employers; other leaders were not. (Treasury Release A. & C. Coll. 4651.) In so far as this ruling held that any leader was an employer, it is in contradiction with an earlier ruling of the Bureau that musicians, including the leader, employed on sponsored radio programs were the employees of the sponsor and not of the leader. The Bureau used the following very apt language, language entirely applicable to the present case:

"The musicians individually do not practice an independent profession in which they offer their individual services to the public generally as in the case of doctors, lawyers, and other like independent contractors. This is clearly demonstrated by the fact that the musicians are bound together in a voluntary union which (1) fixes the amount of compensation they shall receive for their services; (2) requires that all musicians in a specific employment shall receive the same compensation, regardless of the particular skill or ability of the individual musician or the type of instrument played; and (3) insofar as possible otherwise prescribes and regulates the conditions under which their services may be performed. These are not the characteristics of independent contractors.

"At most the musicians are no more than highly skilled employees. They are hired to perform personal services and are subject to control and direction on the part of their employers. True, the employers do not have unlimited control over the musicians, but must employ them in accordance with the rules and conditions prescribed by the union. However, the fact that the musicians are in substance thus enabled to require the employers to adhere to certain standards in respect to wages and other conditions of employment does not make them any the less employees. The employers have the right, within the limits prescribed by the union rules, to control and direct the musicians

and may exercise their right in respect to such matters and to such extent as considered necessary. Accordingly, the Bureau is of the opinion that the musicians are employees for purposes of the taxes imposed under titles VIII and IX of the Social Security Act." (Opinion March 13, 1937, No. MT:SS:R.)

Upon request of petitioner for a ruling as to his status, the Commissioner held that he was an independent contractor and the members of the orchestra performing with him were his employees within the meaning of the taxing provisions of the Social Security Act and the corresponding provisions of the Internal Revenue Code (R. 33). Petitioner paid certain taxes for 1938 and brought suit in the District Court of the United States for the Northern District of Illinois to recover such payment. The case was tried as a test case on behalf of petitioner and it was so considered by the Government. In preparation, both sides went to great lengths to produce all of the evidence that could have any bearing upon the problem.

Although the case at bar involves Title VIII of the Social Security Act, which was designed to relieve against incapacity due to age, the identical questions presented for determination also arise under Title IX, which was designed to relieve against unemployment. The revenue collected under Title VIII is administered by the Government. Under Title IX the revenue is largely administered by the several States. This means that the Social Security Act has been and will be construed by both the State courts and the Federal courts, thus leaving the opportunity for great diversity of opinion among the courts. It is highly important that the first cases arising under a new Act of Congress be decided properly. Such first cases quickly become settled precedents and influence the whole future course of the construction and administration of the Act. For that reason this Court has been liberal in granting

certiorari in cases where an important new Federal statute is involved.

The implications of the decision by the Circuit Court of Appeals in this case reach beyond the mere question of whether Griff Williams, in 1938, was an employer or an employee, or whether leaders generally are employers or employees. The method of construction used by the court, particularly its disregard of substantially supported findings of fact and its narrow application of common law concepts in the field of torts, will find their way into other cases and other fields of law. The principles laid down by which the question of who is an employer and who is an employee is determined will constitute the measuring stick by which these questions are answered in all other fields of labor and employment. It is important that in the construction and interpretation of an important new Federal law there be uniformity. There is already in the lower courts a great variety and diversity of opinion, particularly in decisions of State supreme courts construing the Act under Title IX. See, for instance, *Hill Hotel Co. v. Kinney*, 138 Neb. 760, 295 N. W. 397 (leader held to be an employer); *Steel Pier Amusement Co., et al., v. New Jersey Unemployment Compensation Commission*, 127 N. J. L. 154, 21 A. (2d) 767 (1941), (establishment held employer); *Unemployment Compensation Commission v. Matthews*, 56 Wyo. 479, 111 P. (2d) 111, (leader held employer); *In re Rogavin*, 259 Appellate Division 774, 18 N. Y. S. (2d) 302 (1940), employer's application for review denied by the New York Court of Appeals, 27 N. E. (2d) 819 (1940); *In re Ajello*, 259 Appellate Division 949, 19 N. Y. S. (2d) 886 (1940), employer's application for review denied by New York Court of Appeals, 29 N. E. (2d) 975 (1940); *In re Dallapenta (Hotels Statler Co., Inc. v. Miller)*, 261 Appellate Division 863, 24 N. Y. S. (2d) 748 (1941), (establishment held employer).

The typical cases above cited are sufficient to demonstrate to the court that considerable confusion exists amongst the various lower courts as to the status of musicians playing in orchestras. A decision by this Court would clarify the situation and bring order out of confusion.

The importance of a definitive exposition of the meaning of the undefined terms "employer" and "employee" by this Court is obvious from the foregoing. The determination of the specific question involved in this case—whether the leader of an orchestra is an employer liable for Social Security taxes for the other members of the orchestra—is of vital importance to thousands of members of the American Federation of Musicians, of which organization the petitioner is a member. Aside from the monetary consideration, which is very considerable, there has been put into question by the decision of the court below the ability of thousands of such members to remain members, while classified as "employers", of the American Federation of Musicians, for it is generally known that the organization does not take employers into membership. Further, well established practices and customs in the musical field—customs which have become common through long use and which have been crystallized in various provisions of the constitution of the American Federation of Musicians—are threatened with disruption. Finally, thousands of members of the American Federation of Musicians, who may from time to time conduct or lead orchestras, will be deprived of the benefits of old age and unemployment relief if the decision below remains as the law. The class of employee thus excluded is particularly in need of that type of relief, what with the irregularity of their employment and the difficulty of continuing in or obtaining employment in old age. The exclusion of leaders by the court below obviously is in direct disregard of the purposes and

objectives of Social Security legislation, and can be remedied only by this Court.

II—Relevant Considerations—Consideration of the Special Nature of Services Performed by an Orchestra and the Relationship of Leader to Other Musicians in Orchestra, and the Anomalous Effect of Holding a Leader the Employer, Militate Against Decision Below.

Whether a person is an employer or an employee depends upon the factual circumstances of the services being performed viewed in the light of the purposes of the Social Security Act. In order fairly and properly to determine the particular case here under consideration—the status under the Social Security Act of a leader of an orchestra—it is necessary to fully comprehend the special nature of the work or services performed by the orchestra and the special nature of the relationship between the leader of the orchestra and its members. This relationship is peculiar unto itself and finds no counterpart in any other trade or occupation. Clearly understood, it affords explanation for the factors which to the court below seemingly stamped the leader as an employer. For instance, the court below was troubled by the fact that the orchestra leader apparently engaged the services of the members of the orchestra in the first instance, had the power to discharge (although not the sole power), and distributed their pay to them. These apparent anomalies arose out of the necessities of the situation and are quite understandable once the nature of the work being performed is comprehended.

To begin with, an orchestra—leaders and members together—constitutes a single functioning unit, the work or performance of each member of which is dependent upon the work or performance of every other member. By its very nature orchestral music is music performed by a number of musicians playing together under the musical

direction of a leader to produce the desired effect. An orchestra necessarily is engaged or hired as a unit. It is expected to perform as an ensemble and to afford musical pleasure through the cooperative efforts of each of the members of the orchestra, including the leader. In all instances, the leader is a musician and a member of the union, whose function, in addition to contributing to the musical effect desired by the playing of a particular instrument—in the present case the playing of a piano—is obtaining, through his direction, coordination of the playing of all of the individual musicians necessary for the proper rendition of the music being played. An orchestra, then, constitutes a single, indivisible functioning unit composed of various skilled musicians, one of whom as leader performs the additional job of leading. It is, therefore, entirely inconsistent with the facts and with the inherent nature of orchestral music to attempt to separate the orchestra into several units and to segregate the function of the leader from the functions of the other members of the orchestra with which it is inseparably integrated. The employment status of the constituent members must be considered in terms of the unit; the status of the unit is the status of the constituent parts. The orchestra, producing a musical effect as an ensemble by the joint efforts of its component musicians, and hired by an hotel or other establishment to render such music for the pleasure of its patrons and for the profit of the hotel, is in no respect different as far as its employment status is concerned from an individual entertainer whom the hotel might hire to afford pleasure to its patrons, as, for instance, an accordion player, or a singer, or a piano player, or any other type of entertainer. Surely, it could not be doubted that the single entertainer hired by the hotel to entertain its guests for the purpose of attracting attendance to its dining room, cafe or cocktail lounge, and instructed what to play and when, is not an

employee of the hotel, and yet there is no essential distinction between the purposes of the hiring, or of the work performed, or control over exercised by the employing establishment, between an orchestra and an individual entertainer, except that the orchestra supplies the entertainment as an ensemble. For that matter, an orchestra or an individual entertainer is, in essence, no different from other persons or groups of persons hired by the hotel for the purpose of attracting patronage, as, for instance, a chef. In all such cases the object of the employment is to afford pleasure to patrons or guests so as to attract patrons and guests and to attract them in increasing numbers. Could there be any doubt but what a chef and his staff are employees of the hotel? The fact that the services rendered by an orchestra or a chef are highly skilled and hence necessarily limit the ability of the hotel or employing establishment to continuously direct should not detract from the reality of the employer-employee relationship between the hotel and the person or unit hired for the hotel's benefit to perform continuous services for the hotel in the usual course of the hotel's business.

Petitioner's situation can be likened to that of a foreman. As a group or unit the orchestra had to be led. Their work had to be coordinated. That work is done by a leader in the same way as a foreman of a shop or of an establishment has complete charge, in many instances even to the extent of hiring and discharging. The responsibility for the work turned out by the establishment or the shop is up to the foreman, and yet both the foreman and the individual workers are employees of the establishment.

An hotel customarily employs department heads. Among these are the housekeeper who employs her assistants and discharges them and has charge of the cleaning of the rooms, the executive chef who employs and discharges the stewards, the cooks and scullery maids, and who has charge of the operation of the kitchen, and the superintendent of service

who employs and discharges the bellboys and elevator operators (R. 270). The bellboys, the maids and the other persons who are under one of the above mentioned department heads were considered by the hotels to be employees of the hotel. The salary of each was fixed by the particular department head which employed him (R. 281, 282). No one would deny that these department heads are not employees of the hotel.

That the orchestra is assembled by the leader—on which fact the court below leaned heavily in arriving at its decision—arises out of the necessities of the case and, indeed, results in convenience to the establishment. When the unit concept of the services performed is considered, it becomes entirely immaterial by whom the group is assembled, because, once assembled, the musicians are hired as a group. Because the hotel doesn't take the trouble, and in many instances would not have the ability, to go out and hire individually a group of musicians who could competently and satisfactorily render orchestral music doesn't make the members of the orchestra and the leader any the less the employees of the hotel when hired to perform for the pleasure of the hotel's patrons and for the ultimate profit of the hotel.

What, then, is the relationship between the leader, or "contractor" as he is sometimes referred to in the terminology of the musical field,¹ and the other members of the orchestra? The answer, considered in connection with the exigencies of the occasion as imposed by custom and union rules and regulations, is clear; it is that of agent to principal. The orchestra, while being employed and performing as an entity, must, as any other entity, deal through an agent or contractor. The principal function of the leader is to act as that agent. An "agent," not

¹ The contractor need not necessarily be the leader; any other member of the orchestra can and does act as agent or contractor.

an "employer," is the true description of his relationship, and he has been constituted such by the rules of the union of which he and his fellow musicians are members. It cannot be too strongly stressed that the relationship has been established for the most part by union rules and is closely governed by them. The leader, it must be constantly borne in mind, is merely another musician, one of the members of the orchestra, a member of the union who pays no greater or no less dues than any other member, but who, because of particular musical ability or greater initiative or ability to compose or to direct, or because of looks and personality, is set up or sets himself up as an identifying symbol, the more easily or the more readily for the entire ensemble to secure and maintain employment. While it is true that the leader often assembles the musicians, this fact, as we have seen, arose out of the necessities of the situation—the fact that an orchestra requires prior rehearsals and integration of its playing. Once an orchestra has been assembled, the relationship between the leader and the sidemen is closely regulated by the constitution of the labor organization of which all are members. See in particular Article XIII of the constitution. For the same reason that the leader assembles, the leader has the right to disassemble or to change around so as to be able to continue to produce the desired style or particular musical effect desired or sought for, but the right of the leader to discharge any particular member is closely confined by the provisions of the constitution requiring notice and appeal to the local union. This right of discharge is no greater or no less than the right to discharge by the hotel or establishment, which likewise can discharge any member upon two weeks' notice. Constitution, Article XIII, Sec. 3(c), and see R. 164, 168, 191, 224 and 227.

The court below makes much of the fact that Article X, Section 29, of the constitution of the Federation provides

that members are permitted to accept or negotiate engagements to play in bands or orchestras only with members who contract to furnish such bands, such as the leader. This rule, again, arose out of the necessities of the case and the peculiarities of the trade. Its obvious purpose was to insure that the union regulations would be observed and to permit the union to look to a single member of the orchestra for enforcing its rules, and to permit the employing establishment to know with which responsible member of the orchestra it may deal. Just as the leader acts as agent in securing employment for the entity, it acts as agent in seeing to it that union regulations and wage scales are maintained, the union having found that the most efficient way of preventing chiseling of wage rates is to make one of the members of the union the person to whom the members apply for employment. This provision is in reality a device (and a very effective one) to secure a collective bargaining contract with the employer, through the agency of a member, at rates acceptable to the union.

The employment of the orchestra as an entity and the agency relationship of the leader is seen in the typical contract between an establishment and an orchestra and in the laws, rules and regulations of the American Federation of Musicians, which are expressly made a part of the contract.

The contract forms in the Record, of which petitioner's Exhibit 1, page 45, is a sample, show that the employment contracts were made not with or on behalf of the petitioner alone, but were made for "Griff Williams and his orchestra". These contracts throughout referred, in several places, to the establishment as the employer. The orchestra is referred to as the attraction. The place for the signature on behalf of the orchestra is designated "Attraction sign here". This shows that the establishment treated

not with petitioner alone nor in his own behalf, but treated with the orchestra and that petitioner merely acted as an agent.

Other significant features of a typical contract (Tr. 324, 325) are (1) that the establishment repeatedly was designated by the parties as the employer, a fact not conclusive, but nevertheless entitled to much weight as indicating that the parties themselves considered that the employer-employee relationship existed; (2) that the establishment engaged not the petitioner alone, but "Griff Williams & His Orchestra", comprising fourteen musicians, all of whom, by fair construction, should be considered to be parties to the contract through the agency of the petitioner; (3) that the establishment provided the place for the rendition of services by the petitioner and the orchestra; (4) that the petitioner and the orchestra had to perform at stated hours which were determined by the establishment; (5) that the petitioner and the orchestra were to be paid weekly, a mode of payment characteristic of the master and servant relationship; and (6) that the contract incorporated the laws, rules and regulations of the American Federation of Musicians, which laws, rules and regulations clearly contemplate that the establishment and not the leader is the employer of the sidemen and that the leader is the agent of the orchestra as an entity. (See Pl. Ex. 24, pp. 38 and 39, sec. 11-1; p. 52, sec. 4; p. 53, sec. 7; pp. 54 and 55, sec. 13; p. 54, sec. 12; p. 56, sec. 19; p. 56, sec. 20; p. 56, sec. 22; p. 56, sec. 23; p. 56, sec. 25; p. 58, sec. 29; p. 59, sec. 34; p. 61, sec. 42; p. 62, sec. 1; p. 68 B.; p. 72, sec. 10; p. 73, sec. 15; p. 73, sec. 16; p. 79, sec. 22; p. 79, sec. 24 A; p. 80, sec. 25; p. 80, sec. 29; p. 81, sec. 33; p. 82, sec. 33, 2nd paragraph; p. 86, sec. 47; p. 87, sec. 48; p. 91, preamble F; pp. 104, 105, sec. 4 H; p. 110, sec. 13; p. 110, sec. 14; p. 116, sec. 21; p. 122, S and T; pp. 129 and 130, sec. 3-C; p. 137, sec. 9-G; p. 138, sec. 9-I; p. 142 J; pp. 144 and 145, sec. 12, third paragraph; p. 145, sec. 12, fourth paragraph; p. 145,

second paragraph; p. 146, sec. 13-C; p. 148, sec. 14; p. 150, sec. 19; p. 150, sec. 20; p. 164, sec. 8; p. 166, sec. 6; p. 176, No. 14; p. 176, No. 17; p. 178 p. First; p. 181, No. 31; p. 188, 11th paragraph; p. 189, 19th paragraph; p. 189, 21st paragraph; and p. 190, No. 52.) There is no specific granting or withholding of control over details. Certainly, nothing in the contract lends strength to the defendant's contention that the petitioner is an independent contractor. On the contrary, many of the stipulations usually accepted as indicia of the master and servant relationship appear.

The hotel or establishment specifies the style of music to be played, the hours of performance, the time for intermission, the length of floor shows and the conduct of the members. The orchestra is hired for the purpose of playing at the hotel or establishment's place of business for the entertainment of hotel patrons or guests, and with the expectation or hope on the part of the hotel to make a profit therefrom. The orchestra's members, being highly skilled, obviously cannot be told how to perform. However, if they do not perform to the satisfaction of the hotel or establishment, they can be and are dismissed. The services of the orchestra are continuous and personal in nature. By the playing of music no definite, end result is sought to be obtained nor definite task completed as in the usual case of the independent contractor who enters in upon the premises to complete or repair a construction. All of the services performed are being performed for the sole benefit of the hotel in the ordinary course of its business, and as part of the usual conduct of the affairs of the hotel or establishment. The orchestra, no less than the chef or head waiter or desk clerk, is subservient at all times to the single end of pleasing the patrons or guests of the establishment so that further and increased patronage can be obtained to the greater profit of the hotel. A common sense consideration of the nature of the services performed by an orchestra and the relation of the leader to the other members of the orchestra

would point to the purchaser as the one responsible for Social Security employer taxes upon the wages of the members of the orchestra, including their leader.

The court below reached the conclusion that the leader was an independent contractor and employer only through a refusal to consider the peculiar nature of the relationship and the exigencies which have given rise to factors relied upon by the court in reaching its conclusion and by narrowly, instead of liberally, applying common law concepts to the relationship as disclosed in the evidence. The anomalous effects of the court's holding constitute strong indication of its error. Not only are orchestra leaders deprived of the unemployment and old-age benefits, but they are saddled with onerous additional obligations which, under their customary and established wage scales, they would be entirely unable to assume. Commercial orchestras, especially the smaller and less well known commercial orchestras of which there are thousands, are employed sporadically, and, in times of depression, are the first to be faced with unemployment. Under the decision of the court below, the leaders may not obtain unemployment benefits. Obviously, orchestra leaders, who have devoted their lives for the pleasure and profit of others, are not wanted in old age; the decision of the court below would deprive them of assistance at the time of their lives when most needed.

Another important consideration is this: Congress intended that the unemployment benefits of the Social Security Act should reach as many persons as possible. Under the law, employers must employ eight or more employees before unemployment benefits are obtainable. The vast majority of orchestras consists of less than eight musicians. To hold that the leader rather than the hotel or establishment hiring the orchestra is the employer would deprive a vast number of musicians throughout the country of unemployment relief. Surely the Act should be construed to prevent such a result.

Unemployment and old-age insurance were brought about to benefit wage earners when unemployed or aged and to charge most of the cost to the persons for whose profit they performed their services. Any interpretation should consider the predicament of the wage earner as against that of the person for whom he performs his services. Who is the better able to bear the cost of insurance? Who is the better able to pass it on to the consuming public? The answer in the case of an orchestra leader performing services for another's benefit and profit at a wage scale protected by his union must be obvious. For an orchestra leader to absorb the taxes in titles VIII and IX of the Social Security Act, the leader's wage scale would have to be increased from 25 to 50 per cent depending upon the size of the orchestra. Such an increase is impossible. These taxes would have to be taken from the leader's present wage and in most cases would result in his actually receiving less than any other member of the orchestra. No musician would want to be a leader, and as a consequence the employment opportunities of all musicians would be greatly curtailed.

In this connection it should be again recalled that the establishment at which the orchestra performs, and not the band leader, fixes the prices which the public pays for the entertainment. The establishment, then, is in a greatly more favorable position to pass the tax along to the consumer. Ability to pass the tax to those setting prices is an important indicia of an employer's status under the Social Security Act, as is evident from the report of the House Ways and Means Committee (House Report No. 615, 74th Congress, 1st Session) where it is stated, "Excise taxes measured by payroll will normally be added to prices." Certainly, Congress did not intend to impose liability upon one performing services for another's benefit and profit when that person had no ability to pass off the tax by an increase in price to the consuming public.

Further, it is appropriate for this Court to consider who can best bear the burden of the tax, not only in respect to the amount of money involved, but also the responsibility and labor of keeping records required by the Social Security Act. Assuredly, such burden would weigh less heavily upon an hotel or ball room operating as a permanent institution than upon a peripatetic orchestra leader. In this connection it is also appropriate that the Court should take into consideration that the task of collecting taxes from a permanent establishment would be far less than from one of the class to which the petitioner belongs.

The conferring of an employer's status upon a leader will impose upon the leader other liabilities and responsibilities which reduce to an absurdity the contention that he is an employer. It will require the leader to furnish safe working conditions to his so-called employees, a matter unquestionably within the control not of the leader but of the purchaser; it will make the leader liable under workmen's compensation laws for personal injuries to the other members of the orchestra incurred while performing services for a purchaser, an imposition of a liability upon one who has no opportunity to prevent the injury; it will deprive the leader and the other members of the orchestra of their priority for wages under the bankruptcy law, a right they now enjoy.

Another absurdity consequent upon the conclusion of the court below that the leader is the employer would arise in connection with the National Labor Relations Act. Supposing an hotel or other establishment refuses to employ an orchestra if it is a union orchestra, or any member of an orchestra if the member is a member of a union—under the ruling below, the leader is the employer, and, since he has committed no wrong, apparently the members who have been discriminated against would be left without recourse under the law. There is, of course, no question but what

the Labor Board or any court would hold that the hotel was the employer in a case such as described above. The realities of the situation afford equal reason for declaring that the hotel would be the employer under the Social Security Act, under the circumstances of the present case, as would the hotel be the employer under the National Labor Relations Act in the hypothetical case above.

III—Applicable Decisions.

The Circuit Court Erred in its Construction of the Facts and Application of the Law to the Facts; the Leader is Not an Employer Even Under a Narrow Application of Common Law Concepts.

The language used by the Commissioner of Internal Revenue in Treasury Regulation 90, Art. 205, *supra*, p. 13, to the effect that the employer-employee relationship exists when the person for whom the service is performed has the right to control and direct not only the results to be accomplished, but also the means by which such results are accomplished, undoubtedly expresses the common law on this subject. As stated by the Commissioner, it is not necessary that the employer actually direct or control; it is sufficient if he has the right to do so. The right to discharge, the furnishing of tools and a place to work, are also important but not controlling factors.

When one is found rendering services to another on the other's premises for the other's benefit, the common experience of men gives rise to the spontaneous presumption that he is the servant of and subject to the control of the owner of the premises. This presumption has been recognized many times by the courts, expressly and impliedly, in a wide variety of factual situations, and has led to the imposition of liability on the owner of premises for the torts of those working thereon. Such a presumption constitutes a *prima facie* showing and places upon the Govern-

ment the burden of showing that the petitioner is an independent contractor. As was stated in the recent case of *Washington Recorder Publishing Co. v. Ernst*, 176 Wash. 91, 91 P. (2d) 718, 124 A. L. R., 667, 685 (1939) :

“One of the several common law tests or elements considered in the determination of the relationship between the parties is the place where the work is to be done. If the work is done upon the premises of the employer, the inference is strong that the workmen are employees and not independent contractors. If a person is employed to work on the premises of another and for that other’s benefit, such other person is presumptively, an employee; and the burden is upon the one engaging the services of such person to establish the independence of the employee.”

The services of petitioner and the other members of the orchestra were performed for the sole benefit of the employing establishments and in their usual course of business. This in itself supports the relationship of master and servant. The case of *Herbert v. Shanley Co.*, 242 U. S. 591, 37 S. Ct. 323, 61 L. Ed. 511, 513, 514 (1917), forecloses the question as to whether services performed by an orchestra in an hotel are for the benefit of the establishment and in its usual course of business. Considering whether an hotel was liable for copyright infringement because an orchestra in its dining room played copyright music without a license, Justice Holmes, speaking for the Court, said:

“The defendant hotel company caused this march to be performed in the dining room of the Vanderbilt Hotel for the entertainment of guests during meal times, in the way now common, by an orchestra, employed and paid by the company. The defendant’s performances are not eleemosynary. They are part of a total for which the public pays, and the fact that the price as a whole is attributed to a particular

item which those present are expected to order is not important. The object is a repast in surroundings that to people having limited powers of conversation or disliking the rival noise gives a luxurious pleasure not to be had from eating a silent meal. If the music did not pay it would be given up. If it pays, it pays out of the public's pocket. Whether it pays or not, the purpose of employing it is profit and that is enough."

To substantially the same effect are *In re Caldwell*, 164 F. 515; *Boyle v. Mahoney*, 92 Conn. 404, 103 A. 127, 128, 129; *Rossini v. Tone*, 7 Conn. Supp. 13; *Cole v. Rome Savings Bank*, 96 Misc. Rep. 188, 161 N. Y. S. 15 (1915); *Performing Rights Society, Ltd. v. Mitchell & Booker, Ltd.*, 1 K. B. 762 (1924).

When one performs services for the sole benefit of another in the usual course of business of the other, the person for whose benefit the services are performed is the master of the worker. *DeSandro v. Missoula Light & Water Co.*, 48 Mont. 226, 136 P. 711 (1913); *Murray's Case*, 130 Me. 181, 154 A. 352, 353, 75 A. L. R. 720 (1930); 39 C. J. P. 52, sec. 28.

Accepting the foregoing principles, the determination of this cause must resolve itself in favor of petitioner if proper consideration and weight is given to the facts as disclosed by the evidence and as found by the trial court. The trial court entered elaborate findings of fact (Rec. 318) and, based thereon, stated conclusions of law (Rec. 363) to the effect that petitioner was not the employer, and that the taxes assessed against him were erroneously and illegally collected from him.

The trial court's findings of fact should not be set aside by a reviewing court if supported by substantial evidence. This principle finds expression in Rule 52(a), Federal Rules of Civil Procedure, as follows:

"Findings of fact shall not be set aside unless *clearly erroneous*, and due regard shall be given to the oppor-

tunity of the trial court to judge of the credibility of the witnesses.”

Petitioner submits that every fact found by the trial court (Rec. 318) is supported by substantial evidence in the form of testimony given by witnesses whose credibility the trial court had an opportunity to judge. In its opinion, the Circuit Court of Appeals recognized that the findings made by the District Court were binding upon it if substantially supported, and in no respect did it hold that any finding was not so supported. True, the court criticized Finding 11 to the effect that petitioner upon receiving the contract price from the establishments “distributed and paid” to the sidemen the compensation due them. The Government urged that the word “distribute” indicated that petitioner was acting as agent of the establishment in making such distribution. The court held that such a construction was unsupported by the evidence. The court followed with an observation that petitioner was liable in accordance with his agreement with the sidemen, irrespective of whether he received the contract price from the establishments. This holding is contrary to the evidence.

The Constitution, By-Laws and Standing Resolutions of the American Federation of Musicians were expressly made a part of every contract covering an engagement of the orchestra. Such constitution, rules and regulations were received in evidence as Exhibits 23 and 24. True, Section 23 of Article X provides that the member who assumes the responsibility for the payment of another member's services is bound by his action, but that section does not apply to the case at bar. Section 13 of Article IX provides that each local shall designate a time limit when payment must be made by leaders to members, but if leaders are unable to collect from the employing establishments, they are required to notify the local of such inability to collect, in which event the union will take all required action. It is

only when the leader fails to give such notice to the union within the required time that the leader can be held responsible for such claims. This is a salutary provision and further emphasizes the union's conception of a leader as being its representative or steward for the group of men associated with such contractor. Even more significant is the fact that, under Article XIII, Sec. 9G, and Sec. 10C, of the Constitution, made a part of the contract by reference, the local union having jurisdiction can collect the lump sum due for the engagement and distribute to the leader and other members of the orchestra.

However, whether petitioner acted as agent for the establishment or as agent for the orchestra can make no difference, because if he acted as agent for either then he could not be an independent contractor.

The leader's relationship as an agent for the orchestra is clearly evidenced in the method by which members of the orchestra are paid for their services. As found by the trial court, the leader receives the compensation in a lump sum and then distributes the wages to the musicians; the petitioner was a mere go-between for the establishment and the sidemen. The method of payment was a convenience to the establishment and dictated by union rules (Article X, Section 48) for the obvious purpose of facilitating enforcement by the union of its minimum wage requirements.

In any event, the method and manner of compensation is neither important nor controlling in determining whether or not the relationship of master and servant existed, and the fact that the employing establishments did not personally hand over the wages to the individual workers does not relieve them of their responsibility as the employer. *Ballard & B. Co. v. Lee*, 131 Ky. 412, 115 S. W. 732 (1909); *Mayhew v. Sullivan Min. Co.*, 76 Me. 100 (1884); *Fuller v. Citizens Natl. Bank*, 15 F. 875 (1882); *Atlantic Transport Co. v. Coneys*, 28 C. C. A. 388, 82 F. 177 (1897); *Raftis v.*

McCloud River Lumber Co., 35 Cal. App. 397, 170 P. 176 (1916); *Decatur R. & Light Co. v. Ind. Bd.*, 286 Ill. App. 579 (1913); *Barg v. Bousfield*, 65 Minn. 355, 68 N. W. 5 (1896); *DeSandro v. Missoula Light & Water Co.*, 48 Mont. 226, 136 P. 711 (1913); *Rankel v. Buckstaff-Edwards Co.*, 138 Wis. 448, 720 N. W. 260 (1909).

The Circuit Court of Appeals analyzed Finding 19, listing the specific particulars in which the establishment exercised control, and reached the conclusion that such finding has little probative effect because it is predicated on the statement that the establishments for which the orchestra rendered services during the year 1938 "at times" did the things listed in the 21 sub-paragraphs of Finding 19. The court adds that, for aught that is found, such acts might have represented isolated incidents; but the evidence in the record abundantly shows that each act of control mentioned in Finding 19 was exercised from one to twenty times. However, the Government acknowledges—in fact, stresses—the universal rule that it is not necessary to the relationship of employer and employee that the employer actually direct or control, but that it is sufficient if he has the right to do so. *Singer Mfg. Co. v. Rohn*, 132 U. S. 518; *Sawin v. Nease*, 186 Okla. 195, 97 P. (2d) 27. The Government will not contend that the record fails to prove the exercise of each control listed in sub-paragraphs (a) to (u), both inclusive, of Finding 19. Petitioner does not contend that every employing establishment undertook to exercise every element of control therein listed; but the fact that such control was exercised by one establishment and the right to such exercise was conceded proves that every other employing establishment could have exercised every element of control therein listed had it chosen so to do. The proof, therefore, brings this case within the rule stressed by the Government, since it abundantly appears that the establishments had the right to exercise the vari-

ous elements of control, whether or not they chose to exercise such right. The Circuit Court of Appeals in its opinion holds that the elements of control listed in Finding 19 can be more aptly described as requests that certain things be done by petitioner and the other members of the orchestra and that compliance with such requests does not indicate or prove the right of control. The amenities of polite life in any group of intelligent persons demand that orders to a subordinate or employee be expressed in courteous terms and tones. A request to a servant, "Kindly hand me my hat," is no less a direction because given in the form of a request.

The Circuit Court of Appeals apparently ignored Exhibit 25, appearing at page 312 of the Record, being the memo issued by the Edgewater Beach Hotel to the orchestra leaders employed by it, and represented by the Manager as typical of instructions given to petitioner. The memo contains suggestions, requests and definite directions, couched in such phrases as, (1) "Be sure that suits are pressed, shirts are spotless, shoes shined and Hair Trimmed"; (2) "Do not loaf in the lobby"; (3) "Don't smoke in the lobby"; (4) "Don't come into the hotel without coat and tie"; (5) "Don't hob-nob with any one guest"; (6) "Don't play to the Radio Audience and Ignore your Dining Room Audience. Play for both"; (7) "Make up your dance groups so that * * * Don't Play All Current Hits. Play some Old Numbers"; (8) "Mix your dance tempos. Don't play two numbers in succession in the same tempo. Don't allow," etc.; (9) "Play One Medley of Old Numbers During Each Broadcast and at least three or four Old Song Medleys Each Night"; (10) "Don't hide your face * * *"; (11) "Don't Chew the 'Mike' "; (12) "Don't say 'Swell' "; (13) "Don't Talk Too Much"; (14) "Don't pull gags." Such phrases can hardly be de-

scribed as mere requests that those things be done or omitted.

The Circuit Court below apparently overlooked the rule stated by Mr. Justice Swayne in *Insurance Company v. Dutcher*, 95 U. S. 269, 273, as follows:

“There is no surer way to find out what parties meant than to see what they have done.”

Even in the interpretation of contracts, the practical construction placed thereon by the parties themselves should have great weight. *Shoyer v. Wright-Ginsberg Co.*, 240 N. Y. 223; *City of New York v. New York City Railway Co.*, 193 N. Y. 543, 549; *Woolsey v. Funke*, 121 N. Y. 87, 92.

In considering the question of control, it should be remembered that control is a relative matter and cannot be exercised in the same manner or to the same degree in every situation. In brief, the only control required by the law is that control which is reasonably possible in the light of the nature of the employment. *Claus v. De Vere*, 120 Neb. 812, 235 N. W. 450 (1931); *Simmons v. Kansas City Jockey Club*, 334 Mo. 99, 66 S. W. (2d) 119 (1933); *McDermott's case*, 283 Mass. 74, 186 N. E. 231 (1933). To expect one who is in all probability not versed in music to control musicians as he might house servants is out of accord with common sense.

In connection with the question of control, it should be pointed out that, while in the instant case the Circuit Court below relied almost exclusively on this factor, that same Circuit in a case decided as recently as June 10, 1942—*John A. Carroll v. Social Security Board*—found that the complete absence of a showing of any control was not fatal to a claim that a person over whom no control was exercised was, nevertheless, an employee under the Social Security Act. The court stated in this connection as follows:

“By the process of elimination, we necessarily find ourselves favorably impressed with plaintiff's con-

tention that he was an employee of the bank, notwithstanding the apparent lack of the element so often stressed in matters of this character—that is, that the bank had no control over plaintiff's activities. We think the absence of this element is more fanciful than real, but, in any event, is not fatal to plaintiff's theory."

The Circuit Court of Appeals concluded, though we contend, erroneously, that the establishments had no right to hire or discharge members of the orchestra and that this circumstance alone comes near being decisive of the case. The Circuit Court of Appeals added that without the right of discharge there could be no effective control by an employer, thus ignoring modern trends and predicating its conclusions upon a strict application of common law principles, when such concepts are wholly foreign to the social objectives of the legislation in question. The question of hire and fire has previously been discussed, *supra*, p. 22. It must be remembered that the contracts under which services were performed covered fixed periods of time, sometimes for a period of time extending over a number of weeks. The Constitution, made part of the contract, provides that two weeks' notice of termination of services was required to be given to the men, and the court, we submit, was in error in concluding that the right to hire and discharge the members of the orchestra was the sole prerogative of petitioner. Even if it were so, the yardstick employed by the Government to determine the existence of the relationship of employer and employee recognizes that the right to discharge, while an important factor, is not controlling. The right to discharge an employee is not unlimited. In this age of labor unionization and governmental control of employment under the National Labor Relations Act and other statutes, it no longer can forcefully be argued that the right of the employer to discharge his employee is a necessary corollary of the relationship. The situations are numerous, and matters of common knowledge, where union influence

or governmental control has greatly circumscribed the right of discharge. As was said in *Messmer v. Bell & Coggeshall Co.*, 133 Ky. 19, 117 S. W. 346:

“The later cases do not make either the mode of payment, or the right of discharge, or the power to employ assistants or pay them, the decisive test whether a person is an independent contractor or a servant, but look to the broader question whether he was in fact independent or subject to the control of the person for whom the work was done, as to what should be done and how it should be done.”

Aside from legislative limitation on the right to discharge, bargaining agreements frequently limit such right by their express terms, as was done in the present case by incorporation of the Constitution.

The remaining ground relied upon by the Circuit Court of Appeals for its conclusion was that petitioner was engaged in an independent business for profit. The fact that an orchestra is composed of musicians who band together in more or less of a permanent group and offer their services to various hotels and establishments seems to impel the court below to the conclusion that the leader was, therefore, an entrepreneur of some sort or other. Considering the orchestra as an entity, these factors are as immaterial to an employer-employee relationship as would be the fact that a single provider of entertainment, such as a singer or an accordion player, would sell his services to hotels or other establishments, or that a chef or other person possessing talents of benefit to the hotel would sell his services to hotels. A leader, although receiving a higher wage than the other members of the orchestra, does so in compensation for extra services and not as a reward for risks run. His basic salary is established and guaranteed by union rules, as are those of every other member in the orchestra. Article XIII, Sec. 3, of constitu-

tion. The leader's wage does not depend upon the amount of profit that the hotel or establishment employing the orchestra makes. In those few cases where the compensation of the leader did include a percentage of the receipts, the practice was to divide among the sidemen and the leadmen the amount received in excess of the guaranty (R. 174). The leader does not bear any of the expenses of the orchestra. In most instances, his rate is usually one and one-half times, dependent upon the prevailing rate as determined by the local in whose jurisdiction he is playing, the rate of the sidemen. If not expressly provided for at such rate in the contract, such rate is approximated by the payment of a lump sum which, after the deduction of expenses and salaries, leaves the leader the additional rate. This higher rate serves to compensate the leader for his extra responsibilities and duties, and for his contribution to the employability of the entity. He, like the other musicians, obtains his minimum regardless of what the hotel or other establishment may make or lose. The fact that the leader's compensation is in all cases based on a fixed sum, and is not dependent upon the drawing power of his performance at the particular establishment, clearly indicates that the leader is not conducting a financial enterprise for profit and in which he risks loss. The court found—and the defendant does not attack the finding—that “The compensation paid by the establishments varied with and was sometimes more, but never less, than the minimum Federation scale of wages for leaders and ‘sidemen’ as fixed for the local Union jurisdiction in which the establishment was located.” (R. 330) Petitioner, therefore, could not suffer a loss since the price in each contract was computed with reference to fixed expenses and minimum wages both for petitioner and the sidemen. The additional remuneration a leader or contractor may receive, based upon the additional services performed, is hardly an amount commensurate with

any risks of doing business. It is true that both petitioner and some of the sidemen received compensation in excess of the union scale, but their compensation was measured by a period of time which courts have found to be indicative of wages of an employee. *Thompson v. Twiss, et al.*, 90 Conn. 444, 87 A, 328, 331 (1916); *Keys v. Second Baptist Church*, 99 Me. 308, 59 A, 446, 447, (1904); *Bristol & Gale Co. v. Industrial Commission, et al.*, 292 Ill. 16, 126 N. E. 599, 600 (1920); *Porter v. Withers' Estate Co.*, 201 Mo. App. 27, 210 S. W. 109, 110 (1919); *Madix v. Hochgreve Brewing Co.*, 154 Wis. 448, 143 N. W. 189.

The cases are many in which individuals, who have far more characteristics of independent contractors than does the petitioner in this case, have been held to be employees, although their compensation was measured by the difference between wages paid to persons employed by them and the sum they received from their employer. *Indiana Iron Co. v. Cray*, 19 Ind. App. 565, 58 N. E. 803 (1897); *Gulf Refining Co. v. Brown*, 93 F. (2d) 870 (C. C. A. 4, 1938), and cases cited therein; *Messmer v. Bell & Coggeshall Co.*, 133 Ky. 19, 117 S. W. 346 (1909); *Sempier v. Goemann*, 165 Wis. 103, 161 N. W. 354 (1917); *Barg v. Bousfield, et al.*, 65 Minn. 355, 68 N. W. 45 (1896); *Finley v. Keisling, et al.* 151 Tenn. 464, 270 S. W. 629 (1925); *Nyback v. Champagne Lumber Co.*, 109 F. 732 (C. C. A. 7, 1901); *In re Palmer*, 256 App. Div. 834, 15 N. Y. S. (2d) 628 (1938); *affd.* 283 N. Y. 575, 27 N. E. (2d) 438; *Swain v. Kirkpatrick Lumber Co.*, 143 La. 30, 79 So. 140; *Murray's Case*, 130 Me. 181, 154 A. 352, 75 A. L. R. 720.

Lest any undue significance be given to Finding No. 12 (R. 330) of the trial court that the petitioner "paid the traveling expenses of the orchestra, commissions and other miscellaneous expenses", as apparently was done by the court below, it should be noted that a reading of the entire

finding indicates the trial court deemed the payments were made on behalf of the establishments and not on petitioner's own behalf. Expenses were never paid or assumed by the leader; Article XIII, Section 12, of the Constitution, incorporated into the contract, provides that hotels or establishments pay all expenses. Therefore, the establishments contracted to pay for the orchestra's transportation and included appropriate sums for traveling expenses in a lump sum specified in the contract.

The record further discloses that in those few instances where compensation was on the basis of a guarantee and a percentage of the receipts, petitioner divided among the sidemen and himself the amount received in excess of the guarantee. Had petitioner been an entrepreneur, the excess would have belonged entirely to him; and had petitioner been an entrepreneur instead of a working member of a musicians' union, but performing additional functions of leader and agent, he hardly would have permitted collection of the entire sum due by the union, or, for that matter, would hardly have been a member of an organization which prescribed minimum rates of pay for him.

It is stated at page 489, section 220, Restatement of Agency, that the inference arising from the fact that workmen are employed on the premises of another is not necessarily rebutted by the fact that they are paid by the amount of work performed and supply their own tools and their own assistants. The authors illustrate this statement as follows (p. 490):

"P. is the owner of a coal mine, employing miners. He provides them with the larger units of machinery and the means of ingress and egress. The miners supply their own implements, the powder necessary and their own helpers, being paid for each ton mined and brought to the surface. The miners, including the assistants, are the servants of the mine owner."

The petitioner was no more of an entrepreneur than the miners mentioned in the Restatement of Agency illustration. As has been shown, the only expense borne by petitioner was for musical arrangements, but even had he paid all expenses out of his own pocket that fact would not be controlling. *Singer Mfg. Co. v. Rahn*, 132 U. S. 516, 10 S. Ct. 165, 33 L. Ed. 440. It is obvious, and requires the citation of no authority, that one in an independently established business controls his own hours of work, does not devote himself to the employer's work at fixed times, but works when he pleases, being responsible to the employer only for a certain specified result. Such was not the petitioner's situation. He was required to and did perform musical services for the establishments during specified periods of time. There was, and could be, no specified result which would satisfy the requirements of his contract. He performed personal services.

The true test of whether one is engaged in an independently established business is not whether he serves many persons or few, but whether he is acting on his own behalf or the behalf of another. *Washington Recorder Publishing Co. v. Ernst*, 176 Wash. 91, 91 P. (2d) 718, 124 A. L. R. 667, 678, 679 (1939), where the court quoted with approval the following language from *Fidelity & Casualty Co. v. Industrial Accident Commission*, 191 Cal. 404, 216 P. 578, 43 A. L. R. 1304, 1308 (1923) (p. 581):

“Respondents emphasize the phrase, ‘in the course of an independent occupation’ and argue that the decedent was not pursuing an independent occupation because he was not doing hauling for anyone else, and was not permitted so to do under the provisions of his contract for the term thereof. This is a *non sequitur*. The question whether or not one is pursuing an independent occupation does not depend upon whether he is serving one person or many persons, but whether in the pursuit of his occupation he is acting

upon his own behalf or as the servant of another.
 * * * 'If he never serves more than one person there is usually a presumption that he has no independent occupation; but this presumption is not conclusive. A single large railroad company, for example, might find work enough for a contractor to occupy his whole lifetime, yet leave him to work in perfect independence, accepting the result of his labor without ever interfering with his choice of the mode and instruments of working. On the other hand, one may have many employers within a short space of time, yet be a mere servant to each of them in turn. * * * The one indispensable element of his character as an independent contractor is that he must have contracted to do a specified work and have the right to control the mode and manner of doing it.' "

Petitioner's contract with the establishments called for personal, non-delegable services and not the achievement of a specified result. The courts uniformly have held that the indispensable characteristic of an independent contractor is responsibility to the contractee only as to the result of the work and not as to the means by which the result is accomplished. *Casement v. Brown*, 148 U. S. 615, 13 S. Ct. 672, 37 L. Ed. 582. Musical services are in their essence personal in nature and accomplish no end result; that is, every instant the services are being performed is as much an accomplishment of their purpose as is the entire rendition of the services. In the case of an orchestra hired to play for three hours, there is no specified result which is achieved at the end of the three hours of playing—the rendition of the musical services throughout the entire three-hour period itself being the aim of their employment. The type of work contemplated under the doctrine of independent contracting is the completion or repair of a product and not that of continuing personal services. *Hexemer v. Webb*, 101 N. Y. 377, 4 N. E. 755 (1886). The doctrine of independent contractor, therefore, is inapplicable to the

performance of musical services. Musical services are *continuing* personal services. There can be no finished product.

An independent contractor, in accomplishing the specified result, can perform the necessary work in any manner he chooses, else the contract is dependent and not independent. If he can do the work in any manner he chooses, he can delegate the work to others, and thus accomplish the specified result. He has the right to select the workers as well as the tools by which the result shall be accomplished and need not personally perform the necessary work. Conversely, a contract which requires the contractor to render his own personal services, and under which he may not delegate the work to another, is a dependent contract and the contractor is an employee of the contractee. This was the principal test applied by the court in *Barrett v. Selden-Breck Construction Co.*, 103 Neb. 850, 174 N. W. 866, 868 (1919).

The Circuit Court of Appeals comments on the fact that the orchestra was not organized and trained at the behest of the employing establishments and was a going concern ready and willing to serve any and all who might contract for its services. We have already seen how, by the nature of things, orchestras are assembled and directed by a member of the orchestra who functions as an integral part of the orchestral unit. However, the fact that the orchestra was thus assembled and offered its services is of little significance; where unit functioning is necessary to supply the desired service, all the members constituting the unit are the employees. *Aetna Life Ins. Co. v. Culvahouse*, (Tex. Civil App.) 10 S. W. (2d) 603 (1928); *Spencer v. Marshall*, 107 Kan. 264, 191 P. 468, 469 (1920); and *Dixon Casing Crew v. State Industrial Commission*, 108 Okla. 211, 235 P. 605 (1925). All three cases cited concerned the employment status of members of so-called "casing crews," which

held themselves out as available to render skilled service in connection with drilling of oil wells. The members of the crews, *including the leader*, were held to be employees, even though in the *Culvahouse* case the crew was known as "Johnnie's Casing Crew," in the *Spencer* case as the "Santa Fe Casing Crew," and in the *Dixon* case as the "Dixon Casing Crew."

Thus, it will be seen that the facts disclose not only an actual exercise of control and direction over petitioner and the other musicians as to the results to be accomplished, but also as to the details and means by which that result was accomplished. The members of the orchestra were subject to the will and control of the establishments, not only as to what was to be done but how it was to be done. Not every establishment exercised the same direction or control over the manner in which the services of the orchestra were performed, but it is manifest that each establishment had the right to do what any other establishment did, and the employer-employee relationship is abundantly proved, even under the strict principles of the common law.

IV.

The Terms "Employer" and "Employee" as Used in the Social Security Act Should be Given a Liberal Construction to Promote the Objects and Purposes of the Act, Rather Than the Restrictive Meaning Which Grew Up in the Field of Tort.

Congress left the terms "employer" and "employee" undefined in the Social Security Act. It was stated by this Court in *United States v. American Trucking Associations*, 310 U. S. 534, 84 L. Ed. 1345 that:

"The word [employee] is not a word of art. It takes color from its surroundings."

This statement is further elucidated in footnote 29 in that case by the following language:

“That the word ‘employees’ is not treated by Congress as a word of art having a definite meaning is apparent from an examination of recent legislation. Thus the Social Security Act specifically provides that ‘The term “employee” includes an officer of a corporation.’ ”

.

“Where the term ‘employee’ has been used in statutes without particularized definition it has not been treated by the courts as a word of definite content.”

The terms, accordingly, should be construed so as to carry out the purposes of the Act and not so narrowly as to exclude persons whom the legislature obviously intended to participate in the benefits of the Act. As stated in *United States v. American Trucking Associations, supra*,

“Emphasis should be laid, too, upon the necessity for appraisal of the purposes as a whole of Congress in analyzing the meaning of clauses or sections of general acts.”

The court below has undertaken to apply a meaning to the terms which has arisen solely in the field of tort. It is submitted that this approach to the problem of interpretation is erroneous, and if the precedent that has thereby been established is left to stand, a great number of persons who might otherwise be expected to participate in the benefits of the Act would be excluded.

The broad social objectives of the Social Security Act are shown by its executive and legislative history and are elucidated in *Helvering v. Davis*, 301 U. S. 169, 57 S. Ct. 904, 81 L. Ed. 1307 (1937) and *Carmichael v. Southern Coal & Coke Co.*, 301 U. S. 495, 57 S. Ct. 868, 81 L. Ed. 1245 (1937).

The objectives of the Act indicate that the term “employer” as used in the Act was intended to cover that class

of persons regarded as being in business for themselves, as regularly employing others for their own profit or benefit and presumably more or less financially independent and relatively masters of their own destiny. Contrasted with such are individuals who have no business of their own, but spend their lives promoting in some way the business of others and whose economic welfare is, therefore, largely within the control of those for whom they render service. The petitioner is one of these. This conception accords with actuality and is the basis for a liberal interpretation of the terms "employer" and "employee," even at the expense of the strict rules of tort liability. This, the court below has recognized in a later decision—*Carroll v. Social Security Board*, decided June 10, 1942, in which it stated:

"The purpose which Congress had in mind and the object sought to be accomplished by the enactment before us, is aptly stated in *Helvering v. Davis*, 301 U. S. 619, 640, *et seq.* That it should be liberally construed in favor of those seeking its benefits cannot be doubted."

In the present case, the court below narrowly applied master-servant and independent contractor concepts in finding petitioner an employer, contrary to a subsequent admonition in the *Carroll* case and in disregard of other decisions stressing the necessity for a liberal application of common law rules. Thus, it was stated in the case of *In re Wilson*, 35 F. Supp. 391, 392, (D. C. N. D. N. Y., 1940); "the remedial nature of the legislation in question (N. Y. State Unemployment Insurance Act) makes it necessary that a more liberal determination of the scope of the term 'employee' be given than that which might be the rule in the field of tort," and the measure of control which must exist to establish the employment relationship may be "a lesser degree than that determinative in the tort field."

There is an analogy between Social Security legislation and Workmen's Compensation cases, for in both employee protection and relief is the objective. While certain tort rules have been clung to by the courts in deciding cases under workmen's compensation laws, these rules are given a liberal interpretation to protect as many workers as possible. *South Chicago Coal & Coke Co. v. Bassett*, 104 F. (2d) 522, 526, (C. C. A. 7, 1939); *Cole v. Minnick, et al.*, 123 Neb. 871, 244 N. W. 785, (1932); *Field & Co. v. Industrial Commission of Illinois*, 285 Ill. 333, 120 N. E. 773, 774 (1918); *Hartford Accident & Indemnity Co. v. Cardillo*, 112 F. (3d) 11, 13, 72 App. D. C. 52 (1940); *Arizona-Hercules Copper Co. v. Crenshaw*, 21 Ariz. 15, 184 P. 996, 999 (1919). As emphatically stated by the court in *McDowell v. Duer*, 78 Ind. App. 440, 133 N. E. 839 (1922) (p. 840):

"The doctrine of 'independent contractor' is peculiar to the law of negligence, and we are not aware that it is appropriate to any other branch of the law. Certainly, it has no proper place in the law of workmen's compensation. We will eliminate that term, therefore, from further consideration."

Social Security legislation is *sui generis* and is far removed from the field of tort wherein rules designed to place tort liability can properly be applied. When applied at all to social legislation, they should be applied most liberally and humanely.

To borrow the tests usually stated for the imposition of liability arising out of the master and servant relationship at common law and to apply such tests to social security law would be to disregard the reasons for their adoption. The application of such tests would be unsatisfactory because the common law of master and servant, agency and tort, operates not only through mechanical tests, but also through the rationale applicable to the imposition of the

particular liabilities. The rationale to be applied to social security cannot be borrowed from tort.

In enacting the Social Security Act as an attempt to alleviate the evils attendant upon old age and unemployment, Congress was unquestionably concerned with the menace to the general welfare resulting from old age indigency and unemployment of "employees" in a general sense, and not only among those persons whose activities were subject to the particular quantum of control and supervision by the person for whom they performed their services necessary to impose tort liability on their employer. The risk of poverty during old age and of unemployment, as distinguished from the risk of injury, may not be minimized or augmented by the individual employer's authority to control or supervise the details of the workers' activities; these risks exist with respect to all employment regardless of whether the relationship between the worker and his employer is or is not described as master and servant. The fact that an employee may be left to his own devices and discretion in performing some of his duties does not lessen the risk of unemployment and old age indigency, or render him better able to cushion himself against them.

It may fairly be inferred that these considerations led the Committee on Ways and Means of the House of Representatives, in reporting its proposed 1939 amendments to the Federal Social Security Act, to say:

"A restrictive view of the employer-employee relationship should not be taken in the administration of the Federal old age and survivors insurance system, in making coverage determinations. *The tests for determining the relationship laid down in cases relating to tort liability and to the common law concept of master and servant should not be narrowly applied.* (Emphasis supplied.) (House Report No. 728, 76th Congress, First Session, page 76.)

Surely, it cannot be doubted that, under a liberal application of common law principles as set forth in the previous section, petitioner is not an employer, and even less can it be doubted that petitioner and others in his class were intended to be excluded from the benefits of the Act. It is respectfully submitted that the court below erred in narrowly applying the common law in disregard of the purposes of the Act so as to hold that leaders rather than establishments are employers of orchestras.

Conclusion.

The questions raised above are important in their own right, and their determination will affect the rights of millions of citizens under the Social Security Act. A writ of certiorari should be granted as prayed in the accompanying Petition.

Respectfully submitted,

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INDEX

	Page
Opinions below.....	1
Jurisdiction.....	1
Question presented.....	2
Statutes and regulations involved.....	2
Statement.....	2
Argument.....	8
Conclusion.....	15
Appendix.....	17

CITATIONS

Cases:

<i>Ajello</i> , In re, 259 App. Div. 949.....	15
<i>Brown</i> , In re, 260 App. Div. 972.....	15
<i>Casement v. Brown</i> , 148 U. S. 615.....	12
<i>Dellapenta</i> , In re, 261 App. Div. 863.....	15
<i>Earle</i> , In re, 262 App. Div. 789, affirmed, 286 N. Y. 610.....	15
<i>Fuller Brush Co. v. Industrial Commission</i> , 99 Utah 97.....	9
<i>Hill Hotel Co. v. Kinney</i> , 138 Nebr. 760.....	15
<i>Hull v. Philadelphia & Reading Ry. Co.</i> , 252 U. S. 475.....	9
<i>Indian Refining Co. v. Dallman</i> , 119 F. (2d) 417.....	9
<i>Jones v. Goodson</i> , 121 F. (2d) 176.....	9, 12
<i>Meyer, A. J., & Co. v. Unemployment Compensation Commission</i> , 152 S. W. (2d) 184.....	9
<i>Miller, Claim of</i> , 262 App. Div. 385.....	15
<i>People v. Grier</i> (App. Dep't., Cal. Super. Ct., Los Angeles County, decided July 24, 1942).....	14, 15
<i>Phelps Dodge Corp. v. National Labor Relations Board</i> , 313 U. S. 177.....	11
<i>Rogavin</i> , In re, 259 App. Div. 774.....	15
<i>Rossini v. Tone</i> , 7 Conn. Supp. 13.....	15
<i>Singer Manufacturing Co. v. Rahn</i> , 132 U. S. 518.....	12
<i>Standard Acc. Ins. Co. v. Pennsylvania Car Co.</i> , 49 F. (2d) 73.....	9
<i>Steel Pier Amusement Co. v. Unemployment Compensation Commission</i> , 127 N. J. L. 154.....	15
<i>Ten Eyck Co.</i> , In re, 41 F. Supp. 375.....	15
<i>Texas Co. v. Higgins</i> , 118 F. (2d) 636.....	9
<i>U. C. C. of Wyoming v. Mathews</i> , 56 Wyo. 479.....	15
<i>United States v. American Trucking Ass'ns.</i> , 310 U. S. 534.....	9, 11

II

Statutes:	Page
National Labor Relations Act, c. 372, 49 Stat. 449:	
Sec. 2 (U. S. C., title 29, sec. 152)-----	11
Social Security Act, c. 531, 49 Stat. 620:	
Sec. 804 (U. S. C., title 42, sec. 1004)-----	17
Sec. 811 (U. S. C., title 42, sec. 1011)-----	10, 17
Miscellaneous:	
American Law Institute, Restatement, Law of Agency, sec. 220-----	12
Mim. 4651, 1937-2 Cum. Bull. 389-----	15
S. S. T. 375, 1939-2 Cum. Bull. 280-----	15
Treasury Regulations 91, promulgated under the Social Security Act:	
Art. 2-----	18
Art. 3-----	10, 18

In the Supreme Court of the United States

OCTOBER TERM, 1942

No. 253

GRIFF WILLIAMS, PETITIONER

v.

THE UNITED STATES OF AMERICA

*ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH
CIRCUIT*

BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINIONS BELOW

The findings of fact (R. 318-333) and conclusions of law (R. 363) of the District Court are reported in 38 F. Supp. 536. The District Court delivered no opinion. The opinion of the Circuit Court of Appeals (R. 386-394) is reported in 126 F. (2d) 129.

JURISDICTION

The judgment of the Circuit Court of Appeals was entered on February 27, 1942 (R. 394). By

(1)

order of a Justice of this Court entered May 18, 1942, the time for filing a petition for certiorari was extended to and including July 25, 1942 (R. 400). The petition for a writ of certiorari was filed July 24, 1942. Jurisdiction of this Court is invoked under section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1935.

QUESTION PRESENTED

Whether the petitioner, the leader of an orchestra known as "Griff Williams and His Orchestra", was, during the year 1938, an independent contractor and the employer of the members of his orchestra within the meaning of sections 804 and 811 of Title VIII of the Social Security Act of 1935, as amended.

STATUTES AND REGULATIONS INVOLVED

The pertinent statutes and regulations are set forth in the Appendix, *infra*, pp. 17-20.

STATEMENT

The findings of fact of the District Court which are undisputed may be summarized as follows:

During the year 1938 petitioner was the leader of a dance orchestra known as "Griff Williams and His Orchestra", which consisted of from twelve to fourteen men. It was assembled by the petitioner in San Francisco, California, during the year 1934, and since 1935 has been booked and known by this name. During 1938 the orchestra performed at

some twenty-two establishments, ranging from the west coast of the United States to Chicago, Illinois. Petitioner and his orchestra played both "steady engagements" (those for one week or longer) and "single engagements" (those for one night only) at hotels, restaurants, night clubs, ballrooms, amusement parks, clubs, colleges and civic organizations. (R. 320.) This suit was brought by petitioner to recover the amount of \$536.04 paid by him for the year 1938 as taxes, interest, and penalties under section 804 of Title VIII of the Social Security Act of 1935, as amended (R. 318-319).

The members of the orchestra, known in the trade as "sidemen", were selected and discharged from the orchestra by petitioner (R. 330). Petitioner and all of the sidemen were members of the American Federation of Musicians, a labor union affiliated with the American Federation of Labor (R. 319, 330). It was orally agreed by the petitioner and each individual sideman that for the latter's services the sideman would receive a certain stipulated compensation which in no event should be less than the scale of wages fixed by the local union in whose jurisdiction the engagement was played. The establishment in which the orchestra played had no voice in fixing the compensation of sidemen. (R. 330.)

During the tax year, all of the engagements filled by petitioner and his orchestra were secured by the Music Corporation of America, serving as peti-

tioner's booking agent (R. 328). The Music Corporation of America suggested to the managements of the prospective establishments a number of orchestras and advised them as to the standings and qualifications of each. The representatives of the establishments made inquiries as to the quality of petitioner's orchestra, listened to the orchestra's music either personally or on the radio, and, if the style was found suitable for the establishment's purposes, petitioner's orchestra was engaged. In securing petitioner's orchestra, the establishments were not concerned with or did not know the names or identities of the individual musicians. They were familiar with the reputation and special quality of the music of petitioner's orchestra, and they relied on petitioner to bring to the establishment an organization composed of musicians selected and rehearsed by him, capable of performing its special quality of music. (R. 329.)

Each of the engagements which petitioner's orchestra played during 1938 was the subject of a written contract negotiated in the manner described above (R. 321, 328). In these contracts the Music Corporation of America agreed to furnish the attraction designated as "Griff Williams and His Orchestra" at a designated time and place for a specified sum of money per night (R. 321) or per week (R. 324). In some of the contracts the number of sidemen was stated (R. 324), and in others it was not (R. 326). The sidemen did not sign

and were not named in the contracts (R. 321-328). Each of the contracts provided that the laws, rules, and regulations of the American Federation of Musicians were a part of it (R. 322, 324, 327). The rules and regulations of the Federation imposed certain limitations upon the contracting parties with respect to prices for performances, the number and length of rehearsals and intermissions, cancellation of contracts, and conduct of the leader and sidemen (R. 329; Pl. Ex. 24, pp. 58, 65, 78, 79, 83, 88, 89, 100, 114, 122, 131, 140, 157). Certain of the by-laws of the Federation refer to the establishment as the "employer" (Pl. Ex. 24, p. 80), while certain other by-laws refer to the leader as "employing" the sidemen (Pl. Ex. 24, pp. 84, 86).

The contract price for the engagements was sometimes more, but never less, than the minimum wages for leaders and sidemen fixed by the local union in whose jurisdiction the establishment was located (R. 330). Petitioner either in person or through his agent, the Music Corporation of America, collected the contract price from the establishment (R. 329-330). Each establishment bore the expense of advertising the petitioner's engagement and at its own expense procured from the copyright owner license to permit the playing of copyrighted music by petitioner's orchestra (R. 331). Petitioner and the sidemen furnished their own instruments other than the piano, which was furnished by the establishment (R. 331). On cer-

tain occasions the establishments furnished music racks, microphones, sound amplifiers and special lighting facilities (R. 332). However, petitioner owned music racks and a public address system for use where this equipment was not supplied by the establishment (R. 331). The establishments owned and controlled the premises on which the services were performed and designated the particular room on the premises where the orchestra was to perform and rehearse (R. 332).

On occasion petitioner's orchestra played special music for floor shows promoted by the establishment (R. 331). On these occasions the selections to be played were furnished either by the establishment or by the participants in the floor show. This called for the conducting of special rehearsals with the other talent at times and places fixed by the establishment within the limit of union rules. (R. 333.) The time of the regular rehearsals of the orchestra (other than those with respect to floor shows) was fixed by petitioner (R. 320). At some establishments there were in effect rules governing the conduct of the leader and members of the orchestra, relating to mingling with the guests, the parts of the establishment to which the musicians were to retire during intermission, and, within the limit of union rules, the time and length of the intermissions and rest periods. (R. 332-333.)

In addition to the foregoing, the District Court entered certain findings which were challenged by

the Government on appeal (R. 365-371). Finding 11 of the District Court stated that upon receiving compensation from the establishments petitioner "distributed and paid" to the members of the orchestra the compensation due them respectively (R. 330). The Circuit Court of Appeals held that this finding, if construed to mean that petitioner was acting as the agent of the establishment in making such payments, was unsupported by the evidence (R. 388). Finding 19 of the District Court recited that "at times" during the year 1938 the establishments for which petitioner and his orchestra performed "determined", "required", "directed", "dictated", and furnished "instructions" to petitioner and the orchestra regarding various matters connected with their performance. Such findings were included in twenty-one subparagraphs, designated (a) to (u) inclusive. (R. 331-333.) Of these, subparagraph (s) contained a finding that the establishments at times dictated the selections to be played and the style, length, tempo and volume of the music. With respect to these subparagraphs, the Circuit Court of Appeals observed that a finding as to what was done "at times" was of little probative value and that the instances so listed were relatively unimportant when balanced with the other facts found by the District Court. (R. 389.) The Circuit Court of Appeals held, moreover, that any such "control"

which was exercised by the establishments was without right, since the status of the parties was fixed by the contracts, which precluded such control on the part of the establishment. The court concluded that what appears to have been control could be more aptly described as requests that certain things be done by petitioner and his orchestra. (R. 391.)

The Circuit Court of Appeals affirmed the trial court's finding that the sidemen were discharged by petitioner (R. 330) and rejected petitioner's contention that any such right of discharge was reserved to the establishments in which the orchestra played (R. 389). The court below also affirmed a finding (R. 330) that petitioner paid the traveling expenses of the orchestra, commissions, and other miscellaneous expenses, as well as the compensation of the sidemen, and that the residue of the contract price, if any, belonged to petitioner (R. 392). The court concluded that petitioner was engaged in an independent business for profit (R. 392). It reversed the judgment of the District Court, holding that petitioner was an independent contractor and the employer of the sidemen (R. 390, 394).

ARGUMENT

It is conceded that the sidemen in petitioner's orchestra were during the tax year employees of someone; the controversy turns on whether petitioner was an employee of the establishments where

the orchestra played, in which case so also were the sidemen, or whether petitioner was an independent contractor, in which case the sidemen were his employees. In determining that the petitioner was an independent contractor, the Circuit Court of Appeals applied criteria familiar to the common law of agency (R. 390-391). Prior to the decision in the instant case, the court below and the two other circuit courts of appeals which have passed upon the question had held it necessary to an employment within the meaning of the statute that the general legal relationship of employer and employee exist between the person for whom services are performed and the individual who performs them, and had held that an independent contractor is not an employee. *Texas Co. v. Higgins*, 118 F. (2d) 636 (C. C. A. 2); *Jones v. Goodson*, 121 F. (2d) 176 (C. C. A. 10); *Indian Refining Co. v. Dallman*, 119 F. (2d) 417 (C. C. A. 7).¹

¹ The same conclusion has been reached under state unemployment compensation statutes. *A. J. Meyer & Co. v. Unemployment Compensation Commission*, 152 S. W. (2d) 184 (Mo.); *Fuller Brush Co. v. Industrial Commission*, 99 Utah 97. Similarly, it has been held under the Federal Employers' Liability Act and state workmen's compensation laws that the words "employer" and "employee" were used in these statutes in their accepted common law meanings. *Hull v. Philadelphia & Reading Ry. Co.*, 252 U. S. 475; *Standard Acc. Ins. Co. v. Pennsylvania Car Co.*, 49 F. (2d) 73 (C. C. A. 5). These decisions do not conflict with *United States v. American Trucking Ass'ns*, 310 U. S. 534, referred to by petitioner (Br. 45-46), where all of the persons involved were concededly employees and the only question was whether the

The statute and the regulations issued under it confirm this judicial analysis. Section 811 (b) of Title VIII of the Social Security Act (Appendix, *infra*, p. 17) provides:

The term "employment" means any service, of whatever nature, performed within the United States by an employee for his employer, * * *.

Article 3 of Treasury Regulations 91 (Appendix, *infra*, pp. 18-20) provides, in part:

Every individual is an employee within the meaning of Title VIII of the Act if he performs services in an employment as defined in Section 811 (b) (see article 2).

However, the relationship between the person for whom such services are performed and the individual who performs such services must as to those services be the legal relationship of employer and employee. Generally such relationship exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished. * * * In general, if an individual is subject to the control or direction of another merely as to the result to be accomplished by the work and not

expression "employee" as used in the Motor Carrier Act comprehended, in view of the legislative policy evinced in other legislation, all employees or only those whose duties affected the safety of operations.

as to the means and methods for accomplishing the result, he is an independent contractor. An individual performing services as an independent contractor is not as to such services an employee.

While Congress is free, within constitutional limits, to define the terms "employer" and "employee" in whatever sense it chooses and in many statutes has expressly broadened them beyond their common-law significance,² no such intent is expressed in the Social Security Act. For this reason petitioner's reference (Br. 28-29) to the status of the sidemen under the National Labor Relations Act is inapposite. Unlike the Social Security Act, the National Labor Relations Act contains its own general definition of the term "employee". Section 2 (3) of that act, c. 372, 49 Stat. 449 (U. S. C., title 29, sec. 152 (3)), provides that the—

* * * term "employee" shall include any employee, and shall not be limited to the employees of a particular employer, unless the Act explicitly states otherwise * * *.

See *Phelps Dodge Corp. v. National Labor Relations Board*, 313 U. S. 177, 190-193.

The court below held in this case that the Social Security Act refers to the legal relationship of employer and employee as they are understood in general law and that an independent contractor is

² Several of these statutes are referred to in *United States v. American Trucking Ass'ns*, *supra*, pp. 545-546, note 29.

not an employee for the purposes of the Act; this holding is not in conflict with the decisions of other circuit courts of appeals or of this Court, and is correct.

In determining whether petitioner was an employee or an independent contractor the court below applied the test of control, laid down in the Regulations and in accord with the principle of agency announced by virtually unanimous authorities. The employer-employee relationship exists only where the person for whom the work is done has the right to control and direct the work not only as to the result to be accomplished but as to the details and means by which that result is accomplished. *Casement v. Brown*, 148 U. S. 615; *Singer Manufacturing Co. v. Rahn*, 132 U. S. 518; *Jones v. Goodson*, *supra*; American Law Institute, Restatement, Law of Agency, sec. 220.

In applying this test, the Circuit Court of Appeals properly concluded that petitioner was an independent contractor rather than an employee. The court gave weight to the fact that petitioner engaged the sidemen (R. 389, 392), that control over the manner in which music was rendered rested with petitioner rather than the establishments (R. 391), that the right of discharge of the sidemen lay solely in petitioner (R. 392),³ and that peti-

³ Petitioner's claim (Br. 18, 22-23, 25, 37) that the right to discharge the sidemen did not lie solely with petitioner but also rested with the establishment is not supported by the findings of the District Court and was expressly rejected by

tioner's orchestra was a going establishment managed by petitioner as an independent business for profit (R. 392). That the services of petitioner's orchestra were invariably performed upon the premises of an engaging establishment was necessitated by the nature of the business. While this circumstance might lend some color to petitioner's claim, it is unpersuasive when the primary factor of control of services is considered.

Nor can petitioner succeed in his contentions that he is a mere "go-between for the establishment and the sidemen" (Br. 33), that the travelling and other expenses of the orchestra were assumed and paid by the establishment rather than by petitioner (Br. 39, 40-41), or that he undertakes no risks and stands to gain no profit (Br. 38, 39-40). As appears in the Statement (*supra*, page 8) the District Court expressly found that petitioner paid the travelling expenses, commissions, and other miscellaneous expenses of the orchestra, and that the residue of the contract compensation belonged

the Circuit Court of Appeals (R. 330, 389-390). The evidence is clear that the right both to hire and discharge the sidemen was solely the prerogative of petitioner. (R. 168, 198-199, 223-224.) Petitioner's reliance here on Article XIII, section 3-C of the by-laws of the Federation (Br. 22; Pl. Ex. 24, pp. 129-130) is wholly misplaced, since this provision relates to a termination of the engagement of an orchestra rather than to the termination of the employment of an individual sideman. Indeed, Article X, section 29 of the by-laws prohibits the sidemen from dealing directly with an establishment. (Pl. Ex. 24, p. 80.)

to him (R. 330); this finding was concurred in by the Circuit Court of Appeals (R. 392), and is fully supported by the evidence (R. 172-174).

Petitioner also challenges (Br. 34-35) the disposition by the Circuit Court of Appeals of various subparagraphs of finding 19. It suffices to point out that many of these subparagraphs refer to very minor matters (R. 331-333)⁴ and that the record fails to show that the establishments either by contract or custom had the right to control any of the matters recited in these subparagraphs (Pl. Exs. 1-19; R. 241-242). At most, petitioner sometimes complied with various requests of the establishments (Def. Ex. 2; R. 247-251). Further, the finding in subparagraph (s) that the establishments at times dictated the selections and the style, length, tempo, and volume of the music is inconsistent with other findings, to the effect that the establishments relied upon petitioner to furnish an orchestra composed of musicians selected and rehearsed by him and capable of performing the special quality of music for which his orchestra was known (R. 329), as well as with the uncontradicted testimony, including testimony of petitioner himself (R. 188, 190, 241, 242).

The decision below is in accord with the decided cases. Several other courts, including the only fed-

⁴ Cf. *People v. Grier* (App. Dep't, Cal. Super. Ct., Los Angeles County, decided July 24, 1942), not officially reported but found in C. C. H. Unemployment Insurance Service, California, par. 8391.

eral court which has previously passed on the point, have held that the orchestra leader rather than the establishment is the employer of the sidemen. In re *Ten Eyck Co., Inc.*, 41 F. Supp. 375 (N. D. N. Y.); *Hill Hotel Co. v. Kinney*, 138 Nebr. 760; *U. C. C. of Wyoming v. Mathews*, 56 Wyo. 479; In re *Brown*, 260 App. Div. 972; In re *Earle*, 262 App. Div. 789, aff'd mem., 286 N. Y. 610; *Claim of Miller*, 262 App. Div. 385; *People v. Grier* (App. Dep't., Cal. Super. Ct., Los Angeles County, July 24, 1942), not officially reported but found in C. C. H. Unemployment Insurance Service, California, par. 8391.⁵

CONCLUSION

The status of musicians under the Social Security Act, like that of many other persons, must turn on the facts of each case. For this reason there is apt to be occasional litigation in this field regardless of the decision in a particular case. We think

⁵ In the cases holding the establishment to be the employer, there were present elements indicating control by the establishment which are absent in the case at bar. In re *Ajello*, 259 App. Div. 949; In re *Rogavin*, 259 App. Div. 774; In re *Dellapenta*, 261 App. Div. 863; *Rossini v. Tone*, 7 Conn. Supp. 13 (Super. Ct., New Haven County); *Steel Pier Amusement Co. v. Unemployment Compensation Commission*, 127 N. J. L. 154. None of these decisions involved a well-established, continuing "name band" or "name orchestra," such as that conducted by petitioner (R. 213, 252). The use of this distinction as a helpful criterion is employed by the Commissioner of Internal Revenue. Mim. 4651, 1937-2 Cum. Bull. 389; S. S. T. 375, 1939-2 Cum. Bull. 280.

that the decision of the Circuit Court of Appeals is correct and presents no conflict. It is therefore respectfully submitted that the petition for certiorari should be denied.

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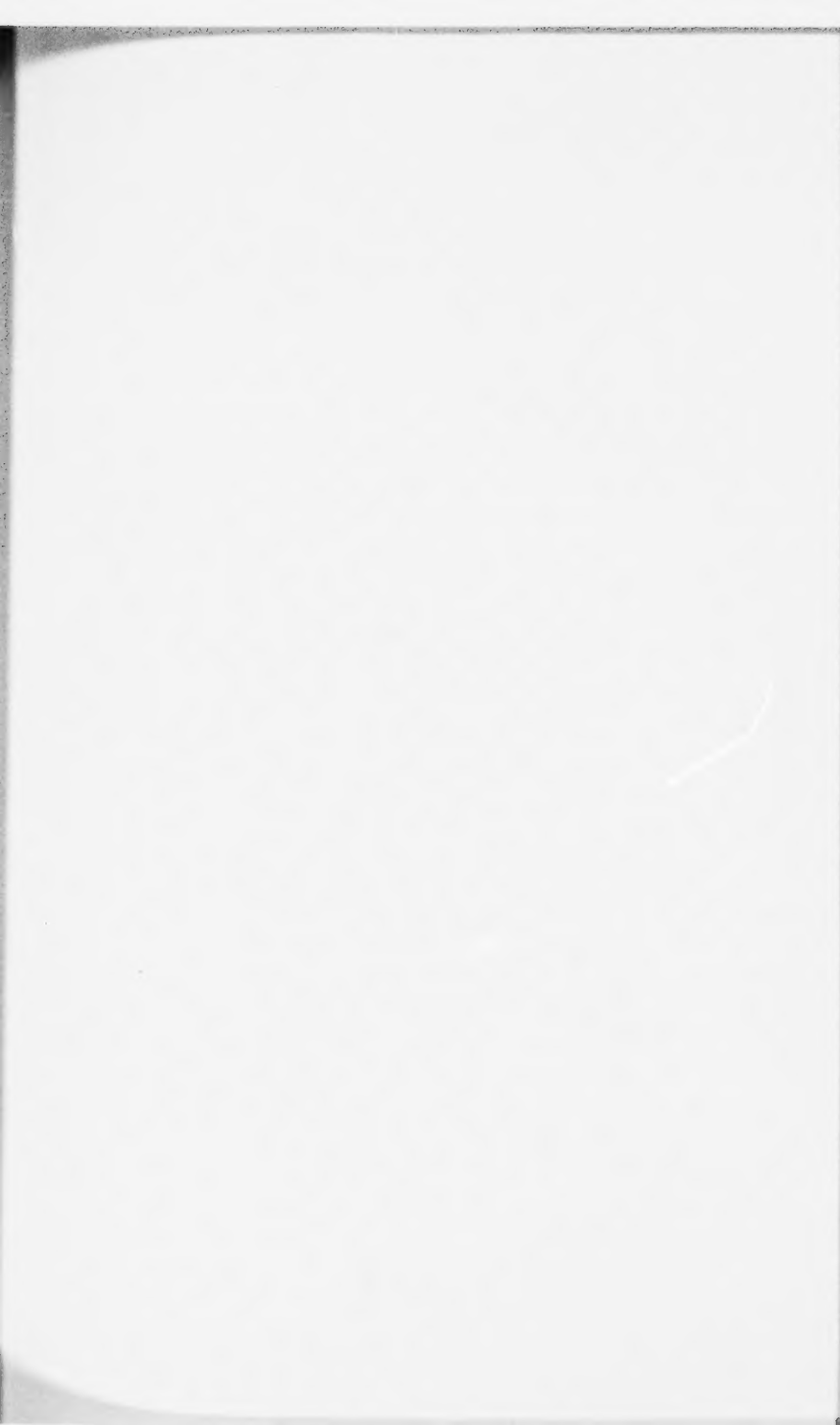
SEWALL KEY,

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AUGUST 1942.





APPENDIX

Social Security Act, c. 531, 49 Stat. 620:

SEC. 804. In addition to other taxes, every employer shall pay an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 811) paid by him after December 31, 1936, with respect to employment (as defined in section 811) after such date:

(1) With respect to employment during the calendar years 1937, 1938, and 1939, the rate shall be 1 per centum.

* * * * *

(U. S. C., Title 42, Sec. 1004.)

* * * * *

SEC. 811. When used in this title—

(a) The term “wages” means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include that part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year.

(b) The term “employment” means any service, of whatever nature, performed within the United States by an employee for his employer, * * *

* * * * *

(U. S. C., Title 42, Sec. 1011.)

Treasury Regulations 91, promulgated under the Social Security Act:

ART. 2. *Employment.*—All services performed within the United States by an employee for his employer, unless specifically excepted by section 811 (b) of the Act or section 11 of the Carriers Taxing Act, constitute “employment” within the meaning of Title VIII of the Act. To constitute an employment the legal relationship of employer and employee must exist between the person for whom the services are performed and the individual who performs them, and the services involved must be performed within the United States, * * *

* * * * *

ART. 3. *Who are employees.*—Every individual is an employee within the meaning of Title VIII of the Act if he performs services in an employment as defined in section 811 (b) (see article 2).

However, the relationship between the person for whom such services are performed and the individual who performs such services must as to those services be the legal relationship of employer and employee. Generally such relationship exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished. That is, an employee is subject to the will and control of the employer not only as to *what* shall be done but *how* it shall be done. In this connection, it is not necessary that

the employer actually direct or control the manner in which the services are performed; it is sufficient if he has the right to do so. The right to discharge is also an important factor indicating that the person possessing that right is an employer. Other factors characteristic of an employer, but not necessarily present in every case, are the furnishing of tools and the furnishing of a place to work, to the individual who performs the services. In general, if an individual is subject to the control or direction of another merely as to the result to be accomplished by the work and not as to the means and methods for accomplishing the result, he is an independent contractor. An individual performing services as an independent contractor is not as to such services an employee.

Generally, physicians, lawyers, dentists, veterinarians, contractors, subcontractors, public stenographers, auctioneers, and others who follow an independent trade, business, or profession, in which they offer their services to the public, are independent contractors and not employees.

Whether the relationship of employer and employee exists will in doubtful cases be determined upon an examination of the particular facts of each case.

If the relationship of employer and employee exists, the designation or description of the relationship by the parties as anything other than that of employer and employee is immaterial. Thus, if such relationship exists, it is of no consequence that the employee is designated as a partner, coadventurer, agent, or independent contractor.

The measurement, method, or designation of compensation is also immaterial, if the

relationship of employer and employee in fact exists.

Title VIII of the Act makes no distinction between classes or grades of employees. Thus, superintendents, managers, and other superior employees are employees. An officer of a corporation is an employee of the corporation, but a director, as such, is not. A director may be an employee of the corporation, however, if he performs services for the corporation other than those required by attendance at and participation in meetings of the board of directors.